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NEWS SUMMARY

GENERAL

Reagan in arms race warning to Moscow

President Ronald Reagan yesterday urged the Soviet Union to take part in talks to limit the numbers of strategic nuclear weapons or face an arms race it could not win.

But Mr Reagan, who was speaking at a Republican fund raising dinner in Washington, *has set stiff conditions for the talks,* including possible U.S. insistence on inspection of missile sites. Soviet defence spending. Page 4

Solidarity rebuff

Poland's Communist Party central committee rejected demands by the independent trade union Solidarity for the right to appoint factory managers. Back Page

FT talks

Print union officials and Financial Times management were meeting at Acas in a last-ditch attempt to avert a strike and *lockout at the paper.* Back Page

Damascus blast

A powerful explosion rocked the Syrian Foreign Ministry and the Sheraton Hotel in Damascus. First reports said 50 people were killed or injured.

Egypt crackdown

Egyptian police detained scores of politicians, Moslem hardliners and journalists in an overnight crackdown on President Sadat's internal critics. Page 3

Demo greets PM

Demonstrators threw an egg and and a bag of flour at Mrs Thatcher's car when she arrived in Renfrew, Scotland, to open *a new factory.* Page 6

Gas main moved

A gas main which runs through a burning coal tip near the village of Aberfan's junior and infant schools is to be resited after protests by parents

Killer protests

Killer Alan Reeve, who escaped from Broadmoor three weeks ago, has written to the Home Secretary protesting at his refusal to recommend a discharge.

Police denial

A Metropolitan police officer told the Scarman inquiry that an extensive stop and search operation was not the prime cause of the Brixton riots.

Inquiry call

A Tory MP demanded a full *inquiry into the dumping of* confidential medical records of *thousands of VIPs at a council* tip in Leicestershire.

'CIA spy' held

Soviet counter-espionage agents have arrested a *Moscow factory* worker and accused him of spying for the CIA, the Government newspaper Isvestia said.

Grenade attack

Four people died when an armed gang hurled hand grenades into a police station in the South *African black* homeland of Bophuthatswana. Page 3

Francis joins City

Nottingham Forest and England striker Trevor Francis is to join Manchester City football club for a transfer fee of £1.2m.

Briefly . . .

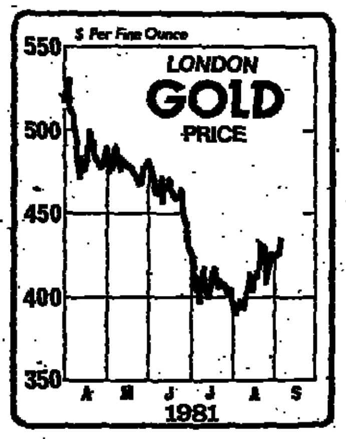
Guard was shot and wounded in a raid on a security van in *London.*

Armed police arrested man in a dawn raid on a cottage in Braintree, Essex.

BUSINESS

Gold up $6.50 as dollar weakens

● GOLD rose $6.50 in London to $436—the highest since June. Demand was triggered this week by the weaker dollar and lower U.S. interest rates. Increased sales by the Soviet Union have *not* rocked the price. In New York, the Comex September *close was $442.* Page 25



● DOLLAR eased in quiet trading to DM 2.426 (DM 2.441), FFr 5.8275 (FFr 5.8430), and SwFr 2.12 (SwFr 2.1475), but rose to Y230.3 (Y229.6). Its trade weighted index was 110.4 (110.7). Page 25

● STERLING rose 25 points to $1.8450, but eased to DM 4.48 (DM 4.5) and SwFr 3.915 (SwFr 3.9575). Its trade-weighted index was unchanged at 90.8. Page 25

● EQUITIES were unable to consolidate early gains. The FT 30-share index eased 0.03 to 568. Page 32

● GILTS saw little trading. The Government Securities index added 0.01 to 64.49 Page 32

● WALL STREET was down 9.8 at 874.43 near the close. Page 30

● WEST GERMAN Government approved Budget measures designed to cut borrowing sharply next year. Back Page

● BUILDING SOCIETY receipts could hit their lowest level for nearly two years this month. Back Page

● CONDOTTE D'ACQUA, state-owned Italian engineering group, will get extra payment of $350m (£190m) from Iran to complete work on the Gulf port of Bandar Abbas. Back Page

● INDONESIA awarded a contract to a consortium of West German and U.S. companies to build a 600,000 tonne alumina plant expected to cost about $570m (£307.8m). Page 5

● GOULD INCORPORATED of the U.S. has offered to build an advanced torpedo factory in Britain if the Royal Navy awards it a £500m contract for heavy torpedoes.

● MITEL, Canadian telecommunications company, is to accelerate and expand plans to set up a factory at Caldicot, South Wales. Page 6

● PEMEX, Mexican state oil and gas company, is to get a £350m sterling acceptance credit from more than 50 London-based banks. Page 6

● BRITISH AEROSPACE 146 airliner made its maiden flight. Page 6

● CADBURY SCHWEPPES, *soft drinks, confectionery, food* and household product group, announced pre-tax profits up £6.5m to £27.5m. for the 24 weeks to June 20. Page 22; Lex, Back Page

● PLESSEY, telecommunications, electronics and engineering group, saw first quarter pre-tax profits rise 33.9 per cent to £25m. Page 23; Lex, Back Page

● STONE-PLATT Industries, textile machinery and electrical *group, saw* pre-tax losses increase from £2.48m to £3.52m for the first half. Page 22; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Assed. Comms. A	55	+ 3
BICC	295	+ 6
Britannic Assurance	300	+ 6
British Home Stores	145	+ 5
Grant Brothers	123	+ 6
Hanson Trust	300	+ 9
Huntleigh	145	+ 8
Letraset	147	+ 5
Milford Docks	128	+ 13
Smith Brothers	37	+ 5
Tomatin	77	+ 6
Trusthouse Forte	130	+ 4
Tunnel B	465	+ 15
Ward (T. W.)	154	+ 6
Westbrick Products	93	+ 6
Whitworth Elec.	105	+ 7
Wilson (Connolly)	208	+ 10
NCC Energy	115	+ 11
Sovereign Oil	375	+ 15
Allstate Exploration	64	+ 6
Anglo Amer. Crpn.	755	+ 20
Gld. Mn. Kalgoorlie	485	+ 20
Poseidon	260	+ 6
Target Pet.	28	+ 6½

FALLS

Babcock Intnl.	109	− 4
Bowater	262	− 11
Braham Millar	21	− 4
Crouch (Derek)	183	− 10
Dixon (D.)	106	− 6
Dowty	258	− 18
Phoenix Assurance	308	− 6
Plessey	392	− 6
Somportex	750	− 70
BP	304	− 6
Aberfoyle	360	− 20
Barymin	12	− 10
Cent. Pacific Mins.	54	− 4
Sthrn. Pacific Pets.	22	− 3

French cut domestic interest rates in reflation move

BY DAVID WHITE AND DAVID HOUSEGO IN PARIS

THE FRENCH *Government* yesterday took unprecedented steps to force *down* domestic bank lending rates as part of its attempt to reflate the economy.

The key measure, which will cut the cost of funds to banks, compels them to reduce substantially the interest they pay on a large proportion of residents' deposits.

Interest on three-month deposits of FFr 300,000 to FFr 500,000 (£28,000 to £45,000) will, for instance, come down *from about 17 per cent to about* 10 per cent.

Strict exchange control regulations prevent French savers *shifting their deposits* into other currencies or into the *offshore* French franc market. But bankers believe some *leakage could take place* or that French savers will buy more gold. Non-residents' deposits are not affected by the measures.

The moves reflect the Government's fear that no substantial drop in long-term international interest rates is foreseeable. Paris also seems to have abandoned for the time being *attempts* to prod its EEC partners into adopting a two-tier *interest rate structure for European* currencies.

The Government blames continuing high interest rates, stemming from the U.S., for *stifling investment.*

The measures follow an *unusually strong attack* on bankers by M Jacques Delors, the *Minister of Finance* and a man known for his moderate views. After this week's cabinet meeting in Rambouillet he said he was "disgusted" by their attitude. He was implicitly accusing them of making excess profits by not lowering base lending rates sufficiently in line with recent falls here in day-to-day money rates which are effectively controlled by the monetary authorities.

The Government expects to achieve a fall in the banks' lending rate to its prime customers from 15.3 per cent to 14.7 per cent.

M Delors has been trying to *push bank lending rates below* 15 per cent for some time.

The main risk in the move is that it could spark further pressure on the franc, which weakened against the D-Mark yesterday to FFr 2.39. Bankers yesterday spoke again of the possibility of a realignment of currencies in the European Monetary System of a devaluation of the franc against the dollar.

In cutting bank deposit rates the Government's intention is also *to encourage savers to* shift their funds into long-term bonds.

The interest on the recently announced FFr 8bn state loan *is 16.75 per cent. The government* is anxious to borrow more to finance an expected budget deficit this year to FFr 70bn.

Though the measures followed Government prompting they were officially announced by the National Credit Council whose members include representatives of the Bank of France and the nationalised banks.

The measures bring down drastically the interest payable on domestic medium-sized short-term bank deposits. Up *to now individuals or companies* were receiving interest close to *prevailing money market rates* for anything over FFr 100,000 deposited *for one month* or more.

This floor level has been raised to FFr 500,000 and the minimum period to six months, in order to maintain this rate

Deposits of between FFr 300,000 and FFr 500,000 placed for at least three months will receive a medium rate of around 10 per cent. Those of under three months will receive the same rate as that paid by savings banks — currently 7.5 per cent — in line with the *treatment up to now of deposits* below FFr 100,000.

Reagan backs Fed on interest rates, Page 4
Money Markets, Page 25

S. African sorties reported

BY OUR FOREIGN STAFF

ANGOLA yesterday claimed that South African ground forces had launched further *incursions into its territory,* well to the east of last week's *armoured drive.*

Envoys at Luanda's Lisbon mission said South African ground forces were pushing into Kuando Kubango province, in sparsely populated south-east Angola. They said the South African target appeared to be the major town of Mavinga.

In Pretoria, South African military spokesmen called the Angolan reports "ridiculous propaganda" aimed at influencing the United Nations special session on Namibia which began in New York last night.

A move into Kuando Kubango *would add weight to Angolan* claims that South Africa is *trying to clear a "buffer zone"* in southern Angola beyond the Namibian border.

Kuando Kubango is adjacent to Kunene province which South African forces occupied for most of last week. South African defence spokesmen yesterday declined to say anything further about their withdrawal from targets in Kunene, particularly the town of Xangongo. Earlier this week the withdrawal was reported by Pretoria as proceeding more *slowly than expected.*

Yesterday, Angola said the South Africans had not withdrawn from Kunene, and reported fighting for the fifth day running at Cahama, between Xangongo and Lubango.

South-eastern Angola is the most secure stronghold of the Angolan rebel group, Unita, commanded by Dr Jonas *Savimbi.* Yesterday, Western diplomats suggested that if the *latest* Angolan *claims* were true, South African forces might be engaged in operations in support of Unita.

The Luanda Government believes that Pretoria is attempting to establish Dr Savimbi in control of a southern "buffer zone" to prevent Swapo *guerrillas infiltrating* into Namibia from their Angolan *bases.*

Any new drive into Angola by South African forces is bound to raise domestic pressure on the Luanda Government to make use of the 17,000 Cuban troops stationed in the country.

The Angolan Government has warned over the past two weeks that it is close to invoking its *mutual defence treaty* with Cuba and asking Havana to *order its forces to confront* the South Africans.

Swaziland balancing act, Page 3
West tries for unity, Page 4

BP hit by losses in Europe

BY RAY DAFTER, ENERGY EDITOR

LOSSES ON oil refining, marketing and chemical businesses in Europe cut sharply into British Petroleum's profits in the second quarter.

Net income in the April-June period was £201m as against £371m in the corresponding quarter last year.

The results would have been much worse but for the contribution of Standard Oil of Ohio (Sohio), BP's U.S. affiliate. Sohio contributed £140m of the second quarter profits as against £96m in 1980.

The Sohio results were boosted on translation into *sterling by the strength of the* dollar, BP's dominant European interests were *badly hit by the* weakness of local currencies. BP was unable to recover higher raw material costs in depressed oil products and chemical markets.

When the strength of the dollar and other inflationary effects were taken into account the second quarter results were transformed into a £33m loss on a current cost basis, as against a corresponding profit of £128m in the April-June period last year.

BP reported that its European trading conditions had been improving since June. The average cost of its crude oil supplies had recently fallen some $3-a-barrel as a result of changes in North Sea prices and other supply contracts.

BP said that it was now suffering less of a competitive disadvantage against other com*panies—particularly* U.S. interests—which had access to cheaper crude oil. BP's supplies were now only 50 cents-a-barrel higher than the industry average as against $2 earlier this year.

In spite of this, and a general improvement in the oil market since June, BP said that in many countries it was still not recovering the cost of replacing the oil it sold. The company said it would need to add 1.5p a gallon to all products sold in the UK to break even at current exchange rates.

BP—the UK's biggest industrial enterprise—is still increasing its investment. Capital spending in the first half of this year totalled £1.24bn, nearly 100 per cent more than in 1980. This level of investment is expected to be maintained for the next few years.

On the other hand, BP said it was on a "major drive" to re*duce costs. This had already*

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Heseltine withholds £290m local authority grants

By Gareth Griffiths

*THE GOVERNMENT is to with*hold a total of between £290m and *£300m in block grants from* local authorities which have failed to meet its revised budget targets. It will introduce new legislation this autumn in order to tighten financial controls over local government.

Mr Michael Heseltine, the Environment Secretary, said yesterday that the budget revision exercises had been disappointing. Most local authorities—257 out of 413—had made significant efforts and reduced their expenditure plans by £196m in line with the *targets set in June.*

Mr Heseltine wanted cuts equal to 5.6 per cent of actual spending in 1978-79.

However, some large Labour Party controlled authorities had increased their actual spending plans. The total increase in expenditure by such councils equalled £211m.

The Greater London Council and the West Midlands and Merseyside metropolitan county councils were responsible for £167m of this additional budgeted *expenditure,* Mr Heseltine said.

Local authority planned expenditure is running about 8 per cent above target in cash terms. The Environment Department does not intend to cut back its grants on the budget forecasts of the local authorities but rather on the estimates it makes of spending or actual money spent.

The grant withholding is about £100m less than was originally expected.

Mr Heseltine said *yesterday* that local authority spending

Continued on Back Page

THE TOP TEN OVERSPENDING AUTHORITIES

Authority	% by which revised budget is above target
Ipswich (Lab)	47.2
Harrogate (Con)	40.1
Crawley (Lab)	33.3
Greater London Council (Lab)	30.1
Merseyside (Lab)	30.1
Scunthorpe (Lab)	28.6
W. Midlands (Lab)	28.1
Chorley (Cons)	26.0
Boothferry (Cons)	22.9
Kingston upon Hull (Lab)	21.9

£ in New York

	Sept. 2	Previous
Spot	$1.8510-8530	$1.8380-8400
1 month	0.50-0.57 pm	0.73-0.60 pm
3 month	1.95-2.05 pm	2.20-2.30 pm
12 months	6.65-6.85 pm	6.70-6.90 pm

Miners' decision boosts Benn's election chances

BY MARGARET VAN HATTEM AND NICK GARNETT

MR TONY BENN'S chances of securing a major share of the union vote in the battle for the Labour Party's deputy *leadership strengthened* dramatically yesterday as miners' leaders decided to *allow their* union's 240,000 block-vote to be determined at branch level.

The decision came as Mr James Callaghan, the former *Labour Prime Minister, threw* his full weight behind Mr Healey.

The verdict of the unions is now at the heart of the contest.

Had the vote been left to the 29-man National Union of Mineworkers' executive or relegated to its party delegation at the Labour annual conference later *this month, it would almost certainly have gone to one of the other two candidates, Mr John* Silkin or Mr Denis Healey. But a vote at branch level could well go to Mr Benn.

The decision, with only eight votes against, will come as a disappointment to Mr Silkin, who is counting on a substantial share of the left-wing vote to beat Mr Benn in the first ballot of the two-round contest.

Moreover, the decision of the NUM, the seventh biggest union *affiliated to the party* could influence other as yet uncommitted unions facing similar decisions.

The voting, on a transferable system for the three candidates, will be carried out essentially by meetings—not postal ballots —committing the whole of each branch's block membership. These block votes will then be totalled up by the separate union areas and then by the *union's head office.*

Commenting afterwards on *Mr Benn's apparently unstoppable progress,* Mr Joe Gormley, *the NUM president, predicted* that he would be Labour leader within five years.

"Under the present balloting process, it is inevitable," he said. "Tony Benn is young enough, if he is not too impa-

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Scargill confident, Page 8

TUC leaders back Left on EEC and disarmament

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC general council yesterday voted decisively—and somewhat unexpectedly — to abandon its moderate stance and declare itself unambiguously in favour of unilateral nuclear disarmament and withdrawal from the EEC *without a referendum.*

Next week's Trades Union Congress in Blackpool will therefore be urged to commit the unions to two tenets of the Labour Left which have become key issues in the contest for the deputy leadership of the Labour Party.

Last year the *TUC* was left with an ambiguous policy on disarmament after an 11th hour compromise between unilateralists and multilateralists. It also continued to support a referendum on EEC membership before withdrawal.

This year, Congress delegates *could well follow* the general council's lead on both issues, although there will certainly be some lively debate.

The 41-strong council voted by roughly 2-1 to declare its support for unilateral disarmament and decided by an even clearer majority to campaign for unqualified withdrawal from the EEC.

In the course of their scrutiny of the Congress agenda, the *general council also decided to* oppose a move to change the way in which council members are selected

The Post Office Engineering Union wants automatic representation in proportion to unions' size instead of elections.

Previous attempts to change *the system* — usually emanating from Right-wing unions *looking for a place on the* governing body—have all failed.

Mr Len Murray, general secretary, said Congress would be asked to reject the *latest* proposal but that the issue would be considered as part of a general review of the TUC's internal organisation, which will be conducted over the next few years.

No-one is ready to predict which way the vote will go.

Mr Murray said there had been a considerable change in the *last year in public attitudes* towards nuclear weapons. As for the EEC, the feeling was that the disadvantages of membership now greatly outweighed the benefits.

There was apparently no discussion of recent reports showing that Britain now has a visible trade surplus with the EEC.

Mr Murray was anxious to stress that the two issues should *not overshadow an even deeper* dissatisfaction with the Govern*ment's economic performance*

French turkey farmers press for action on ban

BY DAVID WHITE IN PARIS AND JOHN WYLES IN BRUSSELS

FRENCH turkey farmers are pressing their Government to change its poultry health laws and thus enable them to resume exports to the British market.

In Brussels yesterday, however, France demanded that the European Commission should take action to force the UK to reopen its market.

In Brussels yesterday, however, France demanded that the European Commission should take action to force the UK to reopen its market.

M Jacques Risse, chairman of the French turkey meat processers' association, said it was "absolutely necessary" to overcome the Britih ban, even if this required falling into line with the new measures.

This would mean banning vaccination against fowl pest and adopting instead a compulsory slaughter policy in the event of an outbreak of the *disease.*

Such a move is still vigorously opposed by the Agriculture Ministry, which has led the protests against what is seen here *as a purely protectionist move* by Britain.

The Ministry said yesterday that it regarded vaccination as the most effective means of controlling fowl pest. It was waiting for moves by the European Commission next week before deciding on further action in its confrontation with Britain on the issue.

M Risse warned that unless the "poultry war" was resolved the situation of a number of French producers, particularly in southern Brittany, would become "catastrophic." The ban *affects some* 8,800 *tonnes* of French turkeys due to be *shipped between* now and the end of the year.

M Risse said that if France complied with the measures, the British would have difficulty finding another justification in the coming months for keeping out French imports.

At yesterday's meeting of EEC permanent representatives in Brussels, the French ambassador argued that Britain had *breached Article 6 of the* Treaty of Rome by a sudden change of regulations which had the effect of disrupting trade without any prior consultation.

This won support from both the Dutch and West German representatives but a Commission spokesman promised nothing in advance of a meeting of *the 13 Commissioners next* Wednesday.

They seem likely to agree that some court challenge to the British would be appropriate. *As this would take many months to resolve,* they are also likely to begin a search for a political solution.

Christopher Bobinski and Anthony Robinson look at the issues facing the union's congress

Solidarity closes ranks against pressure from outside

OVER 900 delegates representing some 10m members of Solidarity, the independent Polish trade union, meet in the Baltic port of Gdansk tomorrow for their first national congress against a background of heavy Soviet military manoeuvres and *harsh new criticism from Moscow.*

The congress is also taking place at a time when relations between Solidarity and the Polish Government and party leadership have been sorely strained by a struggle for access to the media which is seen by both *sides as a key element in* the battle for influence over the Polish people.

The Solidarity congress was timed to follow July's Polish party congress. This party meeting, it was hoped would strengthen the hands of reformists within the Communist party *and so permit a kind of modus vivendi* with Solidarity. The party would push through reforms and so allow Solidarity to revert to a less overtly political *and more traditionally unionist* role.

The party congress did lead to personnel changes at all levels of the party. But the intervening two months have seen a determined party and Government effort to reassert their authority. This has brought them back into conflict with Solidarity not only over the vexed question of access to the media but also over the nature of the economic reform and in particular over the future scope of workers' self-management and the right of workers to *choose their own managers.*

These demands strike at the heart of the Communist system of news control and patronage. As such they have been seen as *a head-on challenge both by the* Polish authorities and by the Soviet leadership which has been continuously pressing the Polish party to regain control.

The continuing struggle with the Government and growing military and political pressure being exerted by the Soviet Union have helped to close ranks within Solidarity. Such a vast unwieldly organisation has inevitably been showing signs of internal division.

The union is trying to ensure that officials do not lose touch *with the membership.* There have been complaints from the rank and file that their views are not reaching the union leadership or that, if they do, little is done. The internal *organisation of the union* is also defective. Three weeks before the congress was due to *start,* half the regions had not sent in lists of delegates.

Attendance at meetings of committees preparing for the congress was also low. Indeed, it appears that the novelty of Solidarity has worn off for *many members.*

The external pressures on this congress can be expected to concentrate delegates' minds. What may be at stake is not *only the future of Solidarity but* the future of Poland and its ability to carry on with its unique attempt to create a form of socialism which corresponds to the specific national conditions of Poland with its powerful Catholic Church, independent peasants and, for the last 12 months at least, an independent trade union movement unprecedented in the Communist world.

These external pressures and conflicts with the authorities have already had the effect of pushing Mr Lech Walesa, the *union's leader, back into the* arms of the more radical elements within Solidarity. Under the influence of the Catholic hierarchy, Mr Walesa had been trying hard to steer the union movement into a moderate *course symbolised* by his efforts to persuade members to volunteer to work on Saturdays in order to relieve the growing economic crisis. But the more radical elements, mindful of past experience, argue that a compromise by Solidarity over crucial issues could only lead to the *emasculation of the* union and the withdrawal by the authorities of concessions wrested by pressure over the last 12 months.

In Solidarity's present mood, there seems little doubt that Mr Walesa, whose charisma and negotiating ability are widely recognised if sometimes envied, will be formally elected as Solidarity leader. But his election will almost certainly be on a mandate to stand firm for union rights to media access and a key role in the formulation of economic reforms.

But in formulating their policies, the Solidarity delegates will also have to take account of what appears to be a growing weariness amongst a population which has suffered increasing economic hardship over the last 12 months of political confrontation and economic decline.

As the shops get emptier and winter approaches, the man in the street is beginning to wonder whether the union or anyone else in the country is capable of finding a way out.

This disillusion was to be felt in the shipyard at Gdansk on August 31, which was the anniversary of the pioneering agreement with the Government. Few of the original strike committee bothered to turn up and the planned commemoration meeting had to be cancelled.

Those delegates who care to remember the system as it was would argue that the continued existence of a 10m-strong independent union in Eastern Europe is an achievement in itself. Others, exasperated at the *continuing economic crisis* and the new intransigence of the party authorities, argue that the union must strive to change the whole system, otherwise the experiment will fail.

The congress itself is being staged in two parts. The first part, lasting three days, will be *devoted to changes in the union* statute. Proposals aim to produce a strong central leadership balanced by adequate regional control over decision-making. Delegates will also discuss the union record over the past 12 months and will divide up into sub-committees to look at future policy. These sub-committees will meet before the opening of the second stage of the congress, which is scheduled for September 25. This will last till October 1 and will vote on policy and elect a leadership.

Awareness that the very existence of the union is in question could mean that the debate on how to satisfy the more down-to-earth needs of the membership will lose its urgency. If this happens, however, the movement risks losing the grass-roots support of many of those who up to now have seen Solidarity as the most credible vehicle for reform and whose support is vital for its continuing strength.

Poland approaches EEC for more food

THE Polish Government has started sounding out the European Community on the *possibility of obtaining* new consignments of cut-price food, John Wyles writes from Brussels.

An informal approach has recently been made to the European Commission concerning how much wheat, beef and butter the Community *might be able to supply from* its stocks.

This is the third time that Warsaw has applied to the EEC for cheap food. So far it has purchased some £280m worth, with the help of credits from member Governments, since the beginning of the year.

The Polish approach was discussed in Brussels yesterday by EEC ambassadors, but in the absence of any formal *request there* was nothing to decide. At the same time they discussed delays which have arisen in delivering food consignments to Poland.

These have been variously attributed to difficulties with financing and to late changes in Polish requirements. The ambassadors are apparently now satisfied that most of the supplies should reach Poland by the end of this month.

According to the Commission, by the middle of August, the Poles had received 400,000 out of 835,000 tonnes of wheat and rice, 60,000 out of 100,000 tonnes of meat, *40,000 out of* 50,000 tonnes of dairy products and 50,000 out of 100,000 tonnes of sugar.

Given the Ten's desire to help Poland back to political stability there is no reason to suppose that they would refuse to supply more food aid providing that the *EEC has it* available.

Paris pay talks get off to a bad start

By Our Paris Staff

THE FRENCH Government got off to a difficult start yesterday *in civil service pay negotiations,* which are regarded as the first major test of Government-union relations since President Francois Mitterrand's election *almost four months ago.*

Representatives of seven union organisations displayed very mixed reactions to changes in the wage structure proposed by M Anicet Le Pors, Civil Service Minister and one of the four Communists in the Government.

The proposals involve abandoning the automatic indexation of the 2.5m civil servants' wages. The lower-paid would be given increases in excess of the inflation rate, while the higher-paid would receive smaller rises. In most cases, according to the minister, purchasing power would be maintained.

The strongest objection came, predictably, from the CGC white-collar union. But the Communist-led CGT also expressed reservations and said it would wait to see the figures proposed. The other unions were more favourable to a reduction in wage *differentials.*

The size of the quarterly pay increase due at the beginning of next month remains to be decided at two further meetings on September 18 and 25. M Le Pors said he was "satisfied" with yesterday's talks but added that the forthcoming meetings might be more difficult.

M Le Pors . . . satisfied

The CGT meanwhile reacted sourly to the Government's decision to fix the latest rise in the inflation-linked national minimum wage at 3.7 per cent. It described this as "at best a safeguard measure aimed at preserving purchasing power." The union, the country's biggest, is demanding an immediate 10 per cent increase in the real value of the minimum wage.

M Le Pors said that 45,600 *new staff would be taken on in* the civil service next year as part of the Government's job-creation programme. This follows 37,700 new civil service *jobs already announced.*

Provisional figures cited yesterday show a slight fall in unemployment last month, with the total of job-seekers dropping 0.8 per cent after seasonal adjustments to 1,834,000.

Hungary boosts small businesses

BY PAUL LENDAVI IN VIENNA

THE Hungarian Government has announced new measures to promote the growth of small businesses and to *encourage private initiative.*

Working independently or in co-operation with State enterprises, the new ventures should stimulate the profit *instinct* and at the same time improve both supplies and the quality and range of services.

Full details will be published later this month and the legislative package should come into force on January 1 1982. The measures also involve the extension of the State social security and pension scheme to workers in the new "private" sector and shopkeepers and their families.

The measures go well beyond the promotion of private entrepreneurial activities through tax concessions. They are designed to create a new mixed sector. The projected laws will legalise activities which have been carried on without permits *and therefore remain outside* the sphere of control and taxation.

The Hungarian leadership wants both to tap the reserves in the private and co-operative sector and to maintain fiscal controls and administrative supervision. The new experiment will extend the success of private agricultural plots to small-scale industry and services, it is hoped.

Private plots and individual farms account for one third of Hungary's gross farm output, but the private sector makes up less than 1 per cent of *domestic trade* and only 1.6 per cent of the total labour force. Private workers perform about half the services, however.

Under new decrees which came into force early this year, State enterprises are allowed to lease shops with *no more than five employees,* and catering establishments with up to 12 employees, to private entrepreneurs. So far, 654 shops and restaurants *have been leased and* net profits are expected to double.

The new decrees allow small co-operatives to be set up by up to 100 people, who can include part-time employees, pensioners and students. The members will be able freely to dispose of their profits after tax.

The Hungarian experiments are likely to have a major impact on other East bloc countries. They have won the approval of the Soviet Union, which prefers the Hungarian way of quiet piecemeal reforms to politically dangerous Polish-style upheavals.

Ministers discuss Nordic zone

NORWAY'S proposal for a Nordic zone free of all nuclear weapons was given its first for*mal airing at a meeting this* week between the Foreign Ministers of the five Scandinavian countries.

A joint communique issued after talks between the Ministers of Denmark, Sweden, Norway, Finland and Iceland said the countries would maintain contact and continue work on the issue.

Both the United States and North Atlantic Treaty Organisation (Nato) officials have criticised the alliance's two Nordic members, Denmark and Norway, for espousing the policy. They contend it could jeopardize nuclear disarmament talks between the U.S. and the Soviet *Union.*

Until this meeting, the Nordic countries had accepted the concept in general but with different interpretations of its scope. The differences were so acute at the Foreign Ministers' meeting last spring that the communique did not mention the nuclear-free zone.

AP

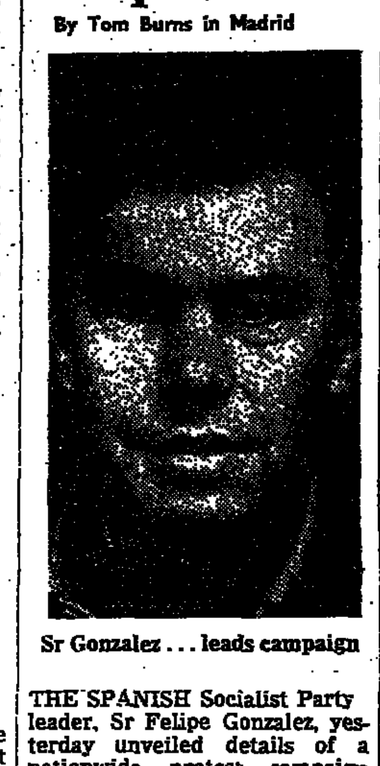
Hilary Barnes adds from Copenhagen: The Nordic nuclear-free zone plan was first proposed by Finland, supported by the Soviet Union, over 20 years ago, but the resurgence of interest in the idea is due to a Norwegian Government initiative last winter.

Mr Knut Frydenlund, the Norwegian Minister, said that Norway and Denmark felt that four conditions must be fulfilled before a Nordic zone could be established.

It would have to be seen as part of a wider European settlement on the question of nuclear weapons; it must assist and not complicate superpower negotiations on theatre nuclear weapons in Europe; it must improve the security of the Nordic area as a whole; and it must be negotiated in co-operation with Nato.

Nato protest starts in Spain

By Tom Burns in Madrid



Sr Gonzalez . . . leads campaign

THE SPANISH Socialist Party leader, Sr Felipe Gonzalez, yesterday unveiled details of a nationwide protest campaign against the Government's plans to join the North Atlantic Treaty Organisation (Nato). A Parliamentary vote on the issue is scheduled for later this *month.*

The Socialist Party has earmarked Ptas 25m (£136,000) for the campaign which includes more than 10 public meetings a day for the rest of September, millions of posters, stickers and leaflets and motorcades through all major towns gathering petitions for a referendum on the Nato issue.

Sr Gonzalez stressed at a Press conference that his party was not opposed to Nato as an alliance but was against Spain's membership because it believed Spanish interests and Spain's contribution to Western defence were better served through *renegotiation of the* existing bilateral agreements with the United States.

The Socialist campaign is directed at the Government's refusal to hold a referendum on Nato entry. The Government's stand reflects the general consensus that membership of Nato is a divisive issue in a nation that remained non-belligerent *in* both World Wars and whose last experience of a multilateral alliance dates back to the Napoleonic wars.

The ruling Union de Centro Democratico party is confident of sufficient support from Sr Manuel Fraga Iribarne's Coalicion Democratica and from centre right regional parties such as the Basque and the Catalan groups to ensure Parliamentary endorsement for entry.

Anticipating *the endorsement* of the Government's plans, diplomats in Madrid to renegotiate the Spanish-U.S. bilateral agreement, due to *expire on* September 21, were yesterday preparing to prolong th existing treaty until next April when the provision of four U.S. bases in Spain will be viewed within the Nato framework.

The Socialist campaign, and a parallel one led by the Communist Party, were *expected to* come too late to affect the Parliamentary vote, although they will discomfort the government.

Sr Gonzalez raised one potentially embarrassing issue when he noted that Spain as a Nato member would be committed to defend the British crown colony of Gibraltar.

Soviet oil reserves 'much bigger' than earlier estimates

BY RAY DAFTER, ENERGY EDITOR

THE SOVIET UNION'S reserves of oil and natural gas are very much bigger than previously estimated, according to the U.S. Defence Intelligence Agency. As a result, the Soviets are expected to remain a leading force in world-wide oil and gas supplies through the 1980s and beyond.

A report by the agency, published yesterday, says that the Soviet Union is capable of sustaining oil production at over 12m barrels a day (b/d) at least until 1985. Natural gas exports are also expected to double to 100bn cubic metres annually by 1986.

The forecasts contrast sharply with past reports of the U.S. Central Intelligence Agency, which has repeatedly cast doubts on the Soviet Union's ability to maintain oil production at the present level of around 12m b/d. The Soviet Union is currently the world's biggest oil producer.

The CIA has recently revised upwards its estimates of Soviet production, but even now it does not expect output to be above 10m or 11m b/d by the middle of the 1980s or more than 8m b/d in 1990.

In contrast, the Defence Intelligence Agency report suggests that Soviet oil output will exceed 12m b/d this year, rise slowly until 1985, level off during the late 1980s and increase again after 1990.

The agency also revealed new *estimates of proved oil reserves* in the range of 80bn to 85bn barrels. This compares with latest Western industry estimates (published by British Petroleum and the Oil and Gas Journal) of around 63bn barrels.

Western Siberia is now thought to contain 40bn-45bn barrels of proven recoverable oil, according to the agency. Samotlar, the biggest producing field, is thought to contain 16bn-20bn barrels, more than the proven reserves of the UK North Sea. The agency also believes that the Salym field is a "colossal" size.

The report says that Soviet natural gas production should rise by 7 to 9 per cent annually to around 630m cubic metres a day by 1985. Soviet gas reserves were now estimated at over 30 trillion (million million) cubic metres; these could rise to 43.5 trillion cubic metres by the end of the century.

By the year 2000 the USSR could be producing annually about 1.55 trillion cubic metres, the report adds.

Soviet arms spending, Page 4

EEC Ministers meet on Middle East initiative

BY JOHN WYLES IN BRUSSELS

EUROPEAN Community Foreign Ministers meet in the UK tomorrow to discuss how to inject fresh life into the EEC initiatives *on the Middle East* and Afghanistan.

East-West topics and the difficulties of finding an independence plan for Namibia are also likely to crop up at the meeting to be held at Brocket Hall, in Hertfordshire.

The British host, Lord *Carrington, who is President of* the EEC Council of Ministers until December, had hoped that by the time of this meeting U.S. policy on the Middle East would be better defined and that Washington and the EEC could coordinate their attempts to secure a comprehensive peace settlement.

But the re-election of Mr Menahem Begin in Israel and the consequent delay in the formation of a policy by the Reagan Administration has left the European peace initiative in limbo.

The Ministries are bound to feel comforted, however, by Egyptian President Anwar Sadat's recent support for the European view that there has to be a dialogue with the Palestine Liberation Organisation (PLO). Mr Begin's visit to Washington this month may well be followed by more positive U.S. activity it is hoped.

The Europeans believe that the U.S. needs to go further than simply voicing its support for a relaunch of the Camp David negotiations on limited Palestinian autonomy on the West Bank and Gaza. But Washington has so far given no indication that it is ready to push with the EEC for a broader peace settlement including negotiations with the PLO.

M Claude Cheysson, the French Minister for External Affairs, will report tomorrow on his meeting in Beirut last weekend with Mr Yassir Arafat, the PLO chairman, which was roundly condemned by Israel.

This meeting and other discussions M Cheysson had in Jordan and Syria point to a swift move by the new French Socialist Government away from its initial broadly pro-Israel pro-Camp David position, towards the EEC stance.

The EEC Ministers will also be pondering how to persuade the Soviet Union to take up their proposal for an international peace conference on Afghanistan.

So far, Moscow has dismissed the proposal as "unrealistic" but Lord Carrington is expected to argue its merits with Mr Andrei Gromyko when he meets the Soviet Foreign Minister during the UN General Assembly in New York later this month.

Although foreign affairs are bound to dominate the weekend's discussions, the Ministers will also discuss how they intend to handle the negotiations on EEC farm policy and budget reform over the next few months.

David Housego explains the background to a series of Franco-U.S. differences

Paris takes issue with Washington diplomacy

THE NEW Socialist Government in France of President *Francois Mitterrand has, in the* past few days, thrown down a number of challenges to U.S. diplomacy. Given the ideological differences between the two administrations, it is surprising that friction over foreign policy has not come into the open earlier.

But the disagreements that have emerged so far are over Third World issues and France has pleased the U.S. with its forceful new Commitment to Nato and its tough line on the Soviet Union.

Last Friday, in a joint statement with Mexico, France unexpectedly announced that it recognised the two main Left-wing opposition groups in El Salvador as a "representative political force" with the right *to participate in negotiations on* the country's future.

In taking this action, France's energetic External Affairs Minister, M Claude Cheysson, was aware that he was carrying France's espousal of progressive causes — Marxist causes in U.S. eyes — into what Washington regards as its backyard.

On southern Africa, the fragile unity that Western nations have maintained in the five-member Namibia Contact Group has been blown apart by the voting in the UN Security Council on Monday. France backed the condemnation of South Africa's raid into Angola and the U.S. vetoed it.

There are doubts, in Paris whether the Contact Group can survive this polarisation. France's tougher attitude to South Africa was earlier shown by *the attempts of the French* Ambassador to Pretoria to rally his fellow ambassadors to protest against the expulsion of squatters from Nyanga in the Cape Flats area — a move that met a sharp U.S. rebuff.

This week, President Mitterrand took the rostrum at the UN conference on the least developed nations in Paris to state a French policy on Third World issues that included more aid, the stabilisation of export earnings for commodity producers and co-ordinated reflation for rich and poor countries. It was a message that, at best, makes little sense in a Washington presided over by free market economists.

If the U.S. has so far downplayed its displeasure, it is because President Mitterrand remains an easier partner than President Giscard d'Estaing with whom Washington tussled over more fundamental issues of the embargo on trade with the Soviet Union.

More welcome to the U.S. is President Mitterrand's warm espousal of the Atlantic Alliance. This marks a major shift from the former French doctrine that national independence was best guaranteed by maintaining an equal distance from both great powers while giving a close ear to Moscow.

This emphasis on Nato is a recognition that for domestic reasons a left-wing government in France—especially one in which Communists are included—must show that it is prepared to take a tough line towards the Soviet Union. It is also

M Mitterrand and Mr Reagan . . . differences

tacit recognition that, in spite of the independent nuclear deterrent, the defence of France and West Germany must involve the U.S. and the alliance.

President Mitterran has gone further in alienating the Soviet Union than anybody had expected. His government has indicated that there can be no "normal" relations with the Soviet Union while Soviet troops remain in Afghanistan. He has backed the deployment of new missiles in Europe and placed the strengthening of Western forces over arms negotiations with the Soviet Union. His government has appeared to give silent approval to the U.S. decision to develop the neutron *weapon while holding its hand* on whether France develops its own.

All this has earned sharp criticism from Moscow. Mr Georgi Arbatov, a senior Soviet official, described France's position on arms negotiations as "negative and even worse than *that of American leaders.*" The Soviet disapproval has helped remove some of Washington's suspicion over the Communists in government.

The dilemma now facing France is whether it can continue indefinitely to challenge U.S. policy in Asia, Africa and Latin America while maintaining the Atlantic Alliance intact.

President Mitterrand would argue that his foreign policy is more coherent than that of the U.S. France believes that the opportunities for Moscow to extend its power stem from world poverty and underdevelopment. These are not best countered by military aid or support for repressive regimes but through economic cooperation.

France is thus assiduously cultivating India, Algeria and Mexico both as leading Third World countries and as potential sources of lucrative commercial contracts.

France is prepared to go much further than its European partners *in taking up the cause* of the Third World. But there are limits to the initiatives it can take. It does not have the resources to finance a major aid *policy. As Britain found,* it is difficult to run an independent foreign policy on the back of a weak currency. Meanwhile, France's own industrial problems and burgeoning trade deficit are driving it towards protectionist and arms sales policies that run counter to socialist ideals.

One area where the Socialists are not seeking to break new *ground* is in the Middle East. President Mitterrand's sympathy for Israel aroused initial forebodings among the Arabs who had seen in President Giscard d'Estaing their strongest ally in Europe. The recent visit of M Cheysson to the Middle East and his meeting with Mr Yasser Arafat, the chairman of the Palestine Liberation Organisa*tion, were attempts to swing* the pendulum back. French policy is described as seeking equilibrium between Israel and the Arabs. It is what most people know as seeking the best of both worlds.

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Gulf states back Saudi peace plan for Mideast

BY JAMES DORSEY IN KUWAIT

FOREIGN MINISTERS of the Gulf Co-operation Council—consisting of Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman have endorsed Saudi Crown Prince Fahd's recently-launched eight-point Middle East peace plan.

Western diplomats in Kuwait see the council's move as an attempt to counter the Soviet call for a Middle East peace conference.

Some oil analysts feel the initiative may be a bit early. Some members of the Organisation of Petroleum Exporting Countries (Opec), in particular Iraq, harbour bad feelings toward Saudi Arabia because of its uncompromising stand in the conflict within Opec and because of its constant overtures to the U.S.

Mr Khaled al-Hassan, a diplomat of the Palestine Liberation Organisation (PLO) said: "If the U.S. fails to respond to Fahd, Saudi Arabia will lose credibility. The only door open to all Arabs will then be Moscow."

The analysts and diplomats interpret the council's endorsement as a warning to the U.S. that Saudi Arabia needs a quick and positive response to its peace initiative.

Prince Saud al-Faisal, Saudi Foreign Minister, said after the conference that the Fahd plan—offering a tacit recognition of *Israel* in return for a Palestinian state—" is not a negotiating position but should be seen as a statement of principle."

Senior Kuwaiti officials say the Saudi ruling family gradually is feeling cheated by the U.S. In spite of aggressive Saudi policies to prevent further oil price rises, the U.S. has not yet budged in its attitude towards Israel and its refusal to deal with the PLO.

Saudi Arabia and its five council partners hope quickly to resolve differences within Opec by convening an extraordinary conference within the next six weeks.

Kuwaiti officials—emphasising that Saudi oil policy is intertwined with its efforts to sway U.S. Mideast policy in a direction more favourable to the Palestinians—believe an imposition of Saudi views on Opec would amount to a clear demonstration of Saudi capability to shape developments.

AP reports: In Beirut, the foreign ministers of Saudi Arabia, Syria, Kuwait and the Arab League's secretary-general Chadli Klelbi opened a conference in a renewed effort to find a coexistence formula for Lebanon's Christian forces and Moslem military.

In Jerusalem, a senior Israeli official said Palestinian forces have moved 13 artillery and rocket batteries into Southern *Lebanon* and rebuilt destroyed war installations in apparent *violation* of a *U.S.-sponsored* truce agreement with Israel.

Qatar gas plan submitted

BY SUE CAMERON IN LINGEN, WEST GERMANY

DEVELOPMENT plans for Qatar's North Dome gas field have been submitted by the West German-based Wintershall oil and gas group.

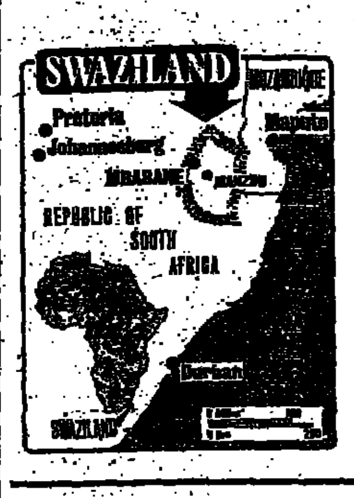
The field has estimated reserves of up to eight million million cubic metres of gas. The cost of developing it and building associated plants is expected to be about $5bn.

Wintershall, a subsidiary of BASF, the West German chemicals concern, said yesterday it submitted its plans at the end of last month. The first phase could be completed by *1985*.

The field is thought to be at least three times the size of the Dutch Groningen field. Most of it is owned by the state-run Qatar General Petroleum Corporation, but Wintershall, operator for a consortium of North American and West German companies, has a concession on part of it.

The possibility of Qatar taking 80 per cent of the field while the Wintershall consortium *takes* the *other* 20 per cent is being discussed. It is thought the development proposals call for initial production *of 1.5bn cubic feet a day*.

King Sobhuza: the longest-reigning monarch



Swaziland celebrates a 60-year balancing act

BY BERNARD SIMON IN MBABANE

TODAY'S PAGEANT marking the Diamond Jubilee of King Sobhuza II has been dubbed as Swaziland's answer to London's royal wedding.

But the seven hours of celebrations at the Somhlolo *national* stadium outside Mbabane, the capital have greater significance for the tiny country than the royal wedding *for Britain*.

King Sobhuza's survival as *head of state for 60 years*—longer than any other—is a *remarkable achievement* in the turbulence of modern African politics. *He remains* the undisputed leader of the Swazi nation and, despite his 82 years, still takes the major decisions *on affairs* of state.

Sobhuza has survived by *performing a balancing act* which has become increasingly delicate *in recent years*.

He has tried to maintain tribal *tradition and government*, without isolating Swaziland *completely from* the trends and technologies of the late 20th century.

The Swazi Government is divided into two distinct branches, modern and traditional. The modern arm is based on a Western-type Cabinet and civil service, while the traditional authority resides in the Swazi National Council, consisting of the King's chief advisers.

The division of power has some curious results. For instance, the Swazi Government itself has a substantial interest in the local subsidiaries of Barclays Bank and Standard Chartered Bank. But the Tibiyo Fund, which is directly controlled by the King, has a stake in the local branch of Bank of Credit and Commerce *International* (BCCI) and a dozen other companies. The *fund was originally* financed by the sale of the King's *mineral rights*.

In foreign policy, the King *has had to reconcile* Swaziland's almost total dependence on *South Africa* with membership of the Organisation of African Unity and its geographical convenience as a springboard for *guerrilla* attacks against South Africa.

King Sobhuza has resolved this dilemma by giving both *South Africa* and the black nationalists some, but not all, *of what they want*.

The black nationalist movement, the African National Congress, has a semi-official presence in Manzini, Swaziland's second largest town. But at the same time the Swazis allow South African security police to maintain an extensive intelligence network inside the country.

In addition, South African interests have invested heavily in turning Swaziland into something of a gambling paradise for whites.

The common thread running through the King's policies is conservatism. With this power based in the older, rural section of the population, the traditional branch of government usually has the upper hand. This was well illustrated earlier this year when the King halted an anti-corruption investigation set up by Prince Mabandla, the Prime Minister. It is an open secret in Mbabane that the probe was closing in on several of King Sobhuza's most senior advisers.

Likewise, the ANC's operations in Swaziland are closely watched, and appear — with occasional exceptions — to be limited to channelling refugees from South Africa to other countries in black Africa. Armed ANC guerrillas on Swazi soil could, in the long term, be as much of a threat to the Swazi political system as to South Africa.

Public criticism of traditional influence is rarely heard, partly out of respect for the King and partly because of the natural conservatism of most Swazis.

But there are stirrings beneath the surface, *principally* among university students, *teachers and middle-*rank civil servants. A particularly sore point is that several of King Sobhuza's sons, not all of them able or technically trained, have been appointed to important ministries and civil service posts. The Governor of the Central Bank was replaced recently, apparently because of *a disagreement* with the deputy governor, who is a member of the *royal family*.

The discontent has occasionally *manifested itself* in work stoppages. In 1977, there were mass *demonstrations* after the Government outlawed the national teachers' *organisation*.

There is little doubt that such frustrations will rise *closer to* the surface after King Sobhuza dies. His successor will only be chosen after his death, but there is no one in the country able to match Sobhuza's charisma and popularity.

The next king who will be chosen from among Sobhuza's hundreds of sons, will find it difficult to keep Swaziland from drifting into a more radical course. But as one observer in Mbabane put it: "This is not the sort of place where *a revolution* could take off."

There are already signs that the Swazis are hardening their *policy towards* South Africa. Links with Mozambique have been significantly strengthened. Mozambique has opened a legation in Bbabane, and the Swazis handed 66 "refugees" from Mozambique back to the authorities in Maputo last year.

Swaziland relies on South Africa for almost two-thirds of its power supplies. Although locally generated electricity is expensive, it was decided recently to award contracts for a hydro-electric scheme on the Little Usutu River rather than increase dependence on the South Africans.

Yet King Sobhuza has publicly opposed international trade sanctions against Pretoria, arguing that they would do more harm to his country than to South Africa. The Swazis have recently been forced to *route* sugar exports through Durban because of chaotic port *conditions in Maputo*.

The pace of change will depend partly on Swaziland's success in tackling unemployment, *its* biggest economic problem.

While *an average of just over* 7,000 school-leavers have entered the formal labour market each year since 1975, *only* 2,200 jobs a year have been created. The population, now around 600,000, is growing at a rate of close to 4 per cent a year.

The overall growth rate, about 2.5 per cent in real terms last year.

Cairo cracks down on extremists

Egyptian police have detained scores of politicians, Moslem *hardliners* and *journalists*, heralding a tougher stand by President Anwar Sadat towards religious extremists *and other critics*, Reuter reports from Cairo.

Opposition parties and relatives *said* at least 39 people had been detained in Cairo, and about 40 arrested in Alexandria.

Among those named were Mr Telmessani, spokesman for the Moslem Brotherhood.

The Interior Ministry said the *Moslem and Christian* "elements" detained were *suspected of fanning religious* unrest which last June led *to street clashes in which about* 20 people were killed. President *Sadat would* "*explain* all the facts" in a *speech tomorrow night*.

Japan's 1983 defence spending may rise 10%

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S proposed 1982 defence budget (which calls for Y2,580bn (£6bn) expenditure will "commit" the Defence Agency to post-1982 spending *of more than* Y2,000bn, officials said yesterday.

This is because the budget provides *for down payments* on military equipment which will be ordered next year but paid for in full after the end of the 1982 budgetary period.

Japanese defence budgets normally include an element of *overrun* from previous years despite stringent efforts by the Finance Ministry to control spending annually.

The post-1982 expenditure commitment will be much larger than before, if the budget outline submitted by the Defence Agency is approved.

In 1983 commitments resulting from purchasing programmes started in 1982 would reach Y1,070bn, about 40 per cent of the 1982 defence budget. Allowing for regular items, this means, according to the Defence Agency, that defence spending in 1983 would have to rise by well over 10 per cent.

Iran to set up central security organisation

BY TERRY POVEY IN TEHRAN

IRAN'S PARLIAMENT has *voted to* set up a national security organisation and has been *told by* Ayatollah Mohammed Reza Mahadavi-*Kani, the Prime Minister*, that it must accept the centralisation *of power in* Government hands if security is to be restored.

Criticism of the régime's failure to protect its leaders and combat terrorist activities have increased following last Sunday's bomb blast in which both the President and Prime Minister were killed.

Since the Islamic revolution *two and* a half years ago, security and policing have been in the hands of a wide, almost chaotic, variety of revolutionary and Government organisations.

Security will be restored only if the deputies and the nation trusted him and accepted that "unity of opinion and authority" was vital, said Ayatollah Mahadavi-Kani. He expressed reservations about the constitution because it divided the State's powers too much.

He faces an uphill task in reversing the patterns of the post-revolution period.

Ayatollah Mahadavi-Kani is not a member of the previously dominant Islamic Republican to accept all its past decisions to accept all its past decisions.

As Parliament debated the Prime Minister's proposals, a shoot-out that continued for most of the night in southern Tehran ended. Seven members of the radical People's Mojahedin and three revolutionary guards died.

Black policemen killed in Pretoria attack

A GROUP of 30 to 40 insurgents has *attacked* a police station north of Pretoria, *killing four people*, including two black constables, *and causing extensive* damage. Bernard Simon writes *from Johannesburg*.

The attack is further evidence of the escalation of black guerrilla activity inside South Africa. The group *involved* in the latest incident appears *much larger* than those which have mounted similar attacks previously.

The target was the Mabopane police station in the Bophuthatswana tribal "homeland," about 30 km from Pretoria. The station was sprayed with machinegun fire and grenades were thrown.

The two policemen killed were sitting in a car outside the station. The other victims were a child and a civilian.

U.S. sets terms for arms talks

BY IAN HARGREAVES IN WASHINGTON

PRESIDENT Ronald Reagan has urged the Soviet leadership to take part in talks to limit the number of strategic nuclear weapons, *but has set stiff conditions* which could include insistence upon inspection of missile sites.

Mr Reagan, making his first major statement on strategic arms talks, picked on the one condition which Moscow has generally rejected in arms control negotiations in the past.

However, Administration officials, outlining preliminary talks held between U.S. and Soviet arms control officials in Washington earlier this week, believe there could be a softening of the Soviet stance on the issue.

The tentative U.S. moves towards evolving a policy on strategic arms negotiations—as distinct from the medium-range "theatre" weapons, which are to be the subject of talks between the Soviets and the U.S. later this year—come at a time *when official U.S. reports* are emphasising both the Soviet military build-up and the growing problems facing the Soviet economy.

The Defence Intelligence Agency (DIA) believes the Soviets will find it increasingly difficult to support their rising defence burden.

A report released in part yestetrday by a Congressional committee in Washington, debunks official Soviet claims about economic successes in recent years.

"A continued high priority *for military power conflicts* directly with securing economic growth at rates which will fulfil both domestic and foreign resource requirements," it says.

"There has been no change in the rising *trend of Soviet* military outlays to date even though the economic impact of those outlays is increasing."

The report says the minor economic reforms contained in the 11th five-year plan (1981-1985) will improve the situation at the margin, "but there is little prospect that growth can *return to its former rates* without major economic realignment."

Judged by Western standards, the DIA says the Soviet economy grew by 14 per cent during the 10th plan, against a goal of 27 per cent. *Growth* in 1979 and 1980 was just over 1 per cent a year. There were massive shortfalls in steel, cement and fabric production, made worse by poor labour productivity and bottlenecks caused in part by "*chaotic* conditions in the Soviet rail *system.*"

The underlying cause of poor industrial performance, says the DIA, was the draining of capital to the machine-building sector, which is responsible for most defence output.

While Soviet military output has always had first priority, the cost of denying resources to the transportation, energy, chemical, agricultural machinery and food processing sectors is now being felt."

Total Soviet *military spending* in 1980 is estimated at $175bn compared with $115bn in the U.S.

The spending growth rate in the Soviet Union is put at 4 per cent in recent years, but the share of economic output accounted for by the military has risen from 12 to 14 per cent *since 1978.*

Reagan backs Fed over rates

BY PAUL BETTS IN NEW YORK

PRESIDENT Ronald Beegan has admitted that high interest rates are seriously worsening inflation in the U.S. but yester-Federal Reserve Board's tight money policy.

In a speech in Chicago, he said: "The Federal Reserve is following a conservative and *careful approach to the money* supply which will ensure that once recovery begins it won't kick off aronther round of inflation."

Interest rates would come down "and when they do they will stay down because the *underlying economic problems* that cause them to sky-rocket will be cured."

In an interview published in Fortune magazine, however, President Reagan acknowledged he would like some loosening of interest rates because of their impact on inflation. He added that the Administration could *not dictate to the Fed a* loosening of its monetary policies.

Scepticism

Mr Paul Volcker, Fed chairman, reaffirmed at the weekend the central bank's commitment to a tight monetary policy although this could lead to rougher conditions in which collide with high demand for money and credit.

President Reagan's first major statements on economic problems after his month-long vacation in California come when Wall Street is losing confidence in the Administration's economic policies.

In the past few weeks, the credibility gap between Wall Street and Washington has been eloquently reflected by the depressed state of the U.S. *credit markets.*

The New York Stock Exchange is at a 13-month low and the bond market remains weak.

At the root of Wall Street's preoccupations is the growing scepticism in the credit markets that President Reagan will be able to hold the fiscal 1982 federal deficit to $42.5bn *(£23bn). Wall Street estimates* the deficit at $60bn or more.

Interest rates are remaining higher than the Administration expected and Wall Street fears a credit squeeze if federal spending remains large and the Fed *continues on its tight monetary course.*

Adding to these worries are the tax cuts approved by Congress *that become effective* on October 1. Wall Street fears these will put added pressure on the federal deficit because of hte reduction in Government revenue.

In the past days, the Administration *has sought to reassure* the markets by indicating that it intends to introduce additional cuts of 10 to 15 per cent in fiscal 1982 spending for most federal departments. President Reagan has said defence spending increases would be less less than the $26.2bn originally targeted.

So far Wall Street has not beenimpressed by the Administration's latest pledges. For his part, President Reagan told Fortune: "I'm not prepared to take Wall Street as a good critic or measuring point." He believed business leaders were *a better indicator* "than the people on Broadway—Broadway, that's a Freudian slip, isn't it?—on Wall Street."

He reiterated confidence in his tax cut programme which he claimed would encourage *savings.*

Mr Paul Volcker

In spite of a reduction this week in the prime lending rate of two banks—Chase Manhattan and First National Bank of Chicago—for the first time in two months, other banks have not followed suit, leaving a *prime of 20¼ per cent at most* leading banks and of 20 per cent at Chase and First National Chicago.

Failure

The credit markets, which expect an intensification in the slowdown of the economy, have been disappointed by the recent *rate of federal funds, the over-*night interbank market in which the Fed intervenes.

Fed funds, which dropped to 14 per cent at one stage last Friday, have been rising since Monday and are trading again *at the 17-18 per cent level.*

U.S. keeps to currency policy

By Our New York Correspondent

THE U.S. did not intervene in foreign exchange markets in the second quarter of this year, the New York Federal Reserve Bank, which conducts foreign exchange operations, reported yesterday.

This is consistent with the *Treasury's non-intervention* in foreign exchange policy announced last April. The Treasury, *in consultation* with the Federal Reserve, decided the U.S. would follow a minimal intervention approach, intervening when necessary to counter disorderly conditions.

Under the Reagan Administration, the U.S. has intervened *in the foreign exchange markets* only at the time of the attempted assassination of the President at the end of March.

Mr Sam Cross, who heads the New York Fed's foreign operations, said the U.S. continued to hold sizeable foreign currency balances. At the end of July these were the equivalent of $9.8bn (£5.3bn).

At the end of the first quarter foreign currency holdings totalled an equivalent of $11.3bn.

The decline resulted partly because of the redemption of some $744m Swiss franc-denominated "Carter bonds" issued by the U.S. in 1979 and because of the dollar's strength against other currencies.

The Treasury said yesterday it has redeemed at maturity the first of a series of D-Mark-denominated "Carter bonds" issued as part of the dollar-support programme in November, 1978. The value of *the bonds redeemed was $680m.*

West tries for unity before UN debate

By Mark Webster in New York with Patrick Cockburn and Stephanie Gray in London

THE FIVE POWERS which co-ordinate Western policy on Namibia yesterday were trying to paper over deep divisions in their joint approach before last night's United Nations *General Assembly* debate on the disputed territory.

The diplomatic moves in *New York among* members of the Namibia "contact group"—the U.S., UK, France, West Germany and Canada, were given added urgency by reports of further South African attacks in Angolan territory. *The U.S., however, again* made plain at had no intention of putting pressure on Pretoria to pull its troops out.

The U.S. decision to veto a Security Council resolution condemning South Africa and *calling on it to withdraw from* Angola has infuriated black African countires and isolated Washington from other members of the contact group.

Britain abstained in Monday's vote and was anxious yesterday to minimise dissent within the five. The Foreign Office said the Western group would not take the initiative in the *General Assembly* debate.

French officials are more deeply worried. France voted for the Security Council resolution and is in open disagreement with the Reagan *Administration's attitude to*wards South Africa.

Officials in Paris said they considered *Monday's* vote to *have been* "a disaster" likely to end the existence of the contact group. The ability of the five Western powers to act together to pressure South Africa to moderate its policies on Namibia and *Angola was the only way to* persuade Angola to remove the Cuban military presence.

Nevertheless the contact group is likely to keep a low profile through the UN debate. France will probably *make a statement on behalf* of the five towards the end of the meeting but it is unlikely to be substantive.

A more definitive outline of independence negotiations is expected after the group's Foreign Ministers meet during the General Assembly which starts on September 15.

The U.S. has not explained *publicly why it* vetoed the resolution, but has said many times its primary concern is the presence of an estimated 15,000 to 19,000 Cuban troops and Soviet advisers in Angola.

The U.S. stance has *diverted much of the* anger that otherwise would have been directed at South Africa for the fighting in Angola. Last night's debate was expected to produce equal condemnation of the South African *incursion* and *the* Reagan Administration's refusal to condemn it.

McDonnell Douglas settlement

By Our Washington Correspondent

McDonnell Douglas, the U.S. aircraft company, has agreed to pay $1.2m (£0.65m) in an out-of-court settlement of charges that it bribed Government officials in Pakistan, South Korea, the Philippines, Venezuela and Zaire.

Although the size of the payments is modest in relation to McDonnell Douglas's size, the agreement by the Justice Department to drop its criminal investigation of the company sets an interesting precedent and is a further indication of the favourable leanings of the Reagan Administration towards big businesses.

The company was indicted in late 1979 on charges that it offered money to Government officials to get them to use their influence to back purchase of DC-10 airliners.

It was the first time that the Justice Department had authorised criminal charges in a case of this kind against *officers of a company*, as well as against the company itself. Among those named in the indictment were Mr James McDonnell, a son of the company's founder, and Mr John Brizendine, president of the *Douglas Aircraft Company*, which makes DC-10s.

The late Mr J. S. (Mr Mac) McDonnell, founder of the company and its chairman until his death last year, was so outraged by the charges that he refused to "plea bargain" with the Government, even though conviction could have meant jail sentences for the senior officers in his company. Since "Mr company has decided to try to wipe the slate clean under the chairmanship of his nephew, Mr Sandy McDonnell.

*Formal notice of the agree*ment between the Justice Department and the company is expected to be filed next week. The only outstanding charge then will be one of perjury against Mr Sherman Pruitt, a sales manager with Douglas Aircraft.

El Salvador move attacked

BY ANDREW WHITLEY IN BRASILIA

NINE MAINLY Right-wing Latin American countries have issued their own condemnation of last week-end's joint declaration *by Mexico and France* in favour of the Salvadorean Left.

They term it "an attempt to change the democratic destiny of the Salvadorean people," and prevent them exercising their free determination.

Issued in Caracas on Wednesday evening, the document has so far been signed by Argentina, Colombia, Venezuela, Bolivia, Paraguay, Chile, Guatamala, Honduras and the Dominican Republic.

Venezuela, which has taken on the responsibility of organising the counter-attack, hopes it will eventually be signed by all the countries in the region, except Nicaragua and Cuba—*the firmest supporters* of the political and military opposition in El Salvador, the FDR and FMLN.

The document praises the junta in San Salvador for its efforts to "achieve peace and social justice under a democratic, pluralistic system."

However, its first setback has come from the tacit refusal of Brazil—a key ally to enrol—to sign the document on the grounds that it would breach Brazilian traditional reluctance to participate in political alliances of this sort.

A joint communiqué issued in Brasilia by Colombia and Brazil after three days of talks with President Turbay Ayala of Colombia, simply restated the long-standing Brazilian position that the people of El Salvador should be able to resolve their own affairs without external *interference.*

President Turbay diplomatically said that this communiqué indicated Brazil's support for his country's initiative in launching the Latin American counter-attack, but this interpretation was not supported by Brazilian officials.

Hugh O'Shaughnessy examines the El Salvador dispute

The Latin American time-bomb

LIKE A bomb with a delayed-action fuse, the statement issued last Friday by the Mexican and French Governments on the war in El Salvador has produced an explosion some time after it was launched. The effect has been nonetheless shattering.

In their statement last week, the López Portillo and Mitterrand governments extended recognition to the *two left-wing organisations,* guerrilla and civilian, battling against the U.S.-supported administration of President José Napoleon Duarte in the Central American republic.

In a phrase which can have brought little comfort to the generals fighting on President Duarte's side, the *French* and the Mexicans *called for a* "restructuring" of the armed forces as a prelude to free and fair elections.

In another phrase which can have brought little comfort to President Duarte's ambassadors abroad, they called for an inter*national effort to bring all* the warring sides together and prevent foreign interference in Salvadorean internal affairs.

The French and Mexicans appear almost to equate the political legitimacy of the in*surgent* Farabundo Marti Liberation Front and its civilian arm, the FDR, or Revolutionary Democratic Front, with the diplomatic legitimacy of the Duarte Government in San Salvador.

By hinting broadly that the Duarte forces need purging before any reasonable election can take place in the war-torn country, they have struck a blow at the embattled Salvadorean government and its backers, the *Reagan* Administration.

In the last months of the Carter Presidency, and with increasing vehemence since the arrival of President Reagan, the U.S. authorities have been backing President Duarte's view of himself as a legitimate Head of State besieged by insurgents largely supplied and controlled by *Moscow's puppet Cuba.*

San Salvador and Washington have denied any legitimacy to the armed insurgency of the Left.

They have also maintained that President Duarte and his *military associates* were the best hope for the emergence of a decent democratic and reformist Government dedicated to safeguarding the civil rights of the mass of Salvadoreans.

The Franco-Mexican statement revealed how sweeping was the rejection of that view by two of the principal allies of the U.S.

The fact that President Mitterrand and López Portillo should have allowed such a statement to be issued now can hardly however have come as a shock to Washington or President Duarte.

Before he became President, M Mitterrand took a keen interest in Central America. He supported the insurgency of the Sandinistas against the Somoza régime in Nicaragua and backed Sr Guillermo Manuel Ungo, the social democratic leader of the Salvadorean insurgents.

President López Portillo, while a long way from socialism, has been impatient with what he sees as ill-advised U.S. meddling in Central America in favour of dubious régimes.

The Mexicans have given help *to the Salvadorean insurgents* if only to demonstrate their unhappiness with Washington's action in an area Mexico sees as something of a Mexican back-yard.

Washington could then have had little cause *for surprise* at last Friday's communiqué, and French commentators underlined the initially mild response by the U.S. authorities to it. They attributed this to U.S. reluctance to place any further *strain on the Atlantic alliance.*

Reactions in les well-prepared chancelleries of Latin-America among governments which care less immediately about the future of Atlantcism has however been explosive.

Noticeably absent from the protest of many Latin American governments was Brazil whose government is doubtless secretly relishing the challenge to U.S. diplomatic hegemony in Latin America.

The Salvadorean left, headed by Sr Ungo, is planning to make the best of its diplomatic windfall.

WORLD TRADE NEWS

W. German-U.S. group win Jakarta alumina contract

BY RICHARD COWPER IN JAKARTA

THE INDONESIAN Government has moved one step closer to laying the basis for a fully integrated aluminium industry by awarding a contract to a consortium of one West German and two U.S. companies to build a 600,000-tonne alumina plant on the island of Bintan in the Riau archipelago.

The plant, which is expected to cost $570m, will provide the alumina feedstock for a nearby aluminium plant now being constructed by Japan on the east coast of north Sumatra.

Though the contract has not yet been formally signed, the Indonesian Government has awarded letters of intent to Klockner Industrie Amlagen of West Germany for construction and installation, to Kaiser Aluminum of the U.S., which will supply technology and technical assistance, and to Kaiser Engineers, a separate company and a subsidiary of the Raymond Group, also of the U.S., for engineering and procurement.

The decision to go ahead and build the alumina plant, which will be wholly-owned by the Indonesian Government, is, however, likely to cause concern to the 12 Japanese companies which together own a 75 per cent share in the aluminium smelter project now being built at Kuala Tanjong in north Sumatra.

The Japanese companies had originally told the Indonesian Government that the alumina project was not economically feasible and were set on importing their alumina requirements from Japan.

It is now clear that when the Bintan plant comes on stream in 1986, they will be obliged by the Government to purchase their alumina from Bintan. Of particular concern to the Japanese companies, now that they have lost any chance of being involved in the alumina plant itself, will be the price which they have to pay for the Bintan alumina.

According to PT Ancka Tambang, the Government-owned state corporation for miscellaneous mining, which will own and operate the plant, a formal contract should be signed with the three companies in November. Construction work on the 600,000 tonne a year alumina plant is due to start early next year, and should be completed in late 1985, ready to be fully operative in 1986.

The bauxite feedstock for the alumina plant will come from the estimated 75m tonnes of bauxite on the island of Bintan itself.

City signs £918m loans to HK

BY WILLIAM HALL, BANKING CORRESPONDENT

THE FINAL details of the biggest ever project financing arranged in the London market emerged at yesterday's signing of five multi-currency loans totalling £918m for the new Castle Peak "B" power station in Hong Kong.

Aside from being the biggest project financing so far arranged in London, the deal is also significant in that it includes the biggest sum of money (£755m) ever guaranteed by the Export Credits Guarantee Department (ECGD) and it is on a non-recourse basis.

With large project financings of this sort, the ECGD would often expect to get some sort of formal Government guarantee, but in this instance it is dependant solely on the viability of the project.

This is backed by two large shareholders, Eastern Energy (an Exxon affiliate) and China Light, a utility with an exclusive position in the electricity supply industry in Kowloon and the New Territories of Hong Kong. Eastern Energy has 60 per cent and China Light has 40 per cent of the equity of Castle Peak Power Company (Capco) which is borrowing the money.

The loans are understood to be providing about half the total cost of the project, but J. Henry Schroder Wagg, which has put together the main part of the financial package, has not revealed the equity stake of the shareholders in the project.

Lord Kadoorie (left), chairman of China Light and Power, signs the largest project financing ever handled by the City of London with Lord Airlie (right), chairman of J. Schroders

There are formal agreements between Capco and its shareholders under which the latter undertake to construct the power station, to operate and manage it and to sell all its net power to China Light.

A detailed financing plan has been approved by the Government of Hong Kong which is acceptable to the lenders. This takes account of the funds which the shareholders themselves will provide and the tariff levels applicable in the scheme of control under which China Light operates.

There is provision in the financial package for one or both of the last two generating units to be cancelled if circumstances, such as the proposed construction of the Guangdong nuclear power station, affects the supply of electricity to China Light at some later date.

The financial package consists of four long-term loans managed by Schroders and guaranteed by the ECGD. There are two loans totalling £642m (with U.S. dollar options) and two Hong Kong-dollar loans totalling HK$1.24bn.

Washington lifts curbs on Japan's nuclear fuel

By Charles Smith in Tokyo

JAPAN has been virtually released from restrictions imposed by the Carter Administration on the reprocessing of spent nuclear fuel as a result of negotiations held this week in Washington.

The outcome of the negotiations means Japan will be able to operate an existing pilot new processing plant at Tokai Mura at its full capacity instead of staying within the limit of 149 tonnes over a four-year period, provided for in an agreement signed during the Carter Administration.

It also means that a plan to build a second larger new processing plant can now be implemented. The second plant, with an annual capacity of 1,200 tonnes, is due to come on stream in 1990.

The Carter Administration's restraints on Japanese reprocessing formed part of the former president's policy of restricting the spread of nuclear weapons by discouraging the production of plutonium by non-nuclear powers.

The bulk of Japan's spent nuclear fuel is, at the moment, reprocessed in the UK and France, but Japan expects to become self-sufficient in reprocessing during the 1990s.

China imports U.S. technology

PEKING — China signed a contract yesterday to buy combine harvester building technology from John Deere and Co of the U.S., China's official Xinhua News Agency reported.

Xinhua said the contract also requires John Deere to buy a large number of combines, spare parts and other farm tools made in China with John Deere technology, but gave no details.

This was China's first contract to import technology for making combines, it added. John Deere will provide China with data on quality control, product experimentation, maintenance and management, train Chinese technicians, administrative personnel and workers, and send experts to China to give technical direction.

AP-DJ

CBI TO MEET TOKYO COUNTERPARTS

Better Japanese trade balance sought

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE Confederation of British Industry (CBI), acutely worried by the imbalance of trade between Japan and the UK, is attaching great importance to meetings planned for later this month and in October with the Keidanren, its Japanese counterpart.

It is hoping that the meetings will be the catalyst for more decisive Japanese action in four areas:

- Restraint on the sale of sensitive goods, like motors and electronics;
- The promotion of UK sales in Japan;
- The establishment of more UK-Japan joint ventures;
- A stronger flow of direct Japanese investment in the UK.

Action spread over these areas could help to redress the trade balance. Last year, the UK ran a crude trade deficit with Japan of £1.1bn and the figure is expected to be higher this year.

Preparations for the meetings have accelerated since the summer holidays in an atmosphere charged by a series of high level political meetings, culminating in the talks Mrs Margaret Thatcher, the Prime Minister, had with Mr Zenko Suzuki, the Japanese Prime Minister, at the Ottawa economic summit in July.

It became apparent at these meetings that the Japanese Government had understood the depth of concern, not only in the UK but in the EEC as a whole, about its targetted approach to exporting and difficulties of penetrating the domestic Japanese market.

The CBI's aim now is to see that concern translated into specific commercial agreements. Thus it has been corresponding with the Keidanren, arguing that efforts in Japan to promote the sale of UK consumer goods, while welcome in themselves, are not sufficient. Heavy industrial goods need to be sold as well.

But this concentration on the detail of redressing the trade balance is in itself a fresh CBI trend, compared with the angry rhetoric which characterised CBI statements about UK-Japan trade last May, at the height of the controversy about, for example, Japanese car exports.

Then, the CBI called for "tough action" from the Government to cut the trade deficit. It charged that present policies could not reverse the trend. It demanded that within four years Japan cover at least 60 per cent of its exports to the UK by imports from the UK. If it refused to accept the target, the EEC should challenge Japan under the General Agreement on Tariffs and Trade.

Since May, however, the CBI has found that although the Government would not accept the idea of a specific target on export-import ratios, there was at least a broad agreement on the details of Japanese trade policy.

This emerged at meetings with Mr John Biffen, the Trade Secretary, in June, and with Lord Carrington, the Foreign Secretary, after the Ottawa summit. It has been consolidated at various meetings of officials.

The Government has supported the voluntary restraints which hold back Japanese sales in a number of industries and promised to seek EEC action if the agreements break down. It has become increasingly involved in fostering UK-Japan industrial co-operation: hence the forthcoming visit to Tokyo of Sir Keith Joseph, the Industry Secretary. Mr Biffen has also talked of the need for "flexibility" in the approach to free trade.

In the same way, the CBI has found allies within UNICE, the EEC's employers federation, for its concern about the pattern of trade with Japan, but less enthusiasm for trade balance targets. German employers, for example, have been against the idea for a specific export-import ratio.

Recognition that it is moving along the same lines as the Government, but that there is a limit on the acceptability of its policies, has helped to push the CBI into its current practical approach to the Japanese question.

Seiko opens W. German factory

BY OUR TOKYO STAFF

JAPAN'S SEIKO watch group has acquired a factory in Dusseldorf, West Germany, to assembly top quality wrist watches using European cases.

The watches wil be exported back to Japan besides being sold in Europe and the U.S. They will retail at up to Y1m (£2,300) on the Japanese market and Seiko plans to produce around 10,000 units per year.

Seiko says it decided to open a factory in West Germany because it already had a sucessful German sales company — Seiko Time GmbH. The European-made gold cases to be used for the watches will cost much more than similar cases made in Japan, according to the company but are better designed than Japanese equivalents. Seiko will, initially, use the West German factory only for "casing" — inserting a fully assembled watch action into the watch-case but will afterwards assemble watch movements as well from components imported from Japan.

The Dusseldorf factory is jointly owned by two member companies of the Seiko group, Daini Seikosha and Suwa Seikosha. Its capital is DM 2.5m (£0.55m).

Lagos mission to promote UK

BY OUR WORLD TRADE EDITOR

MR JOHN STANLEY, the Minister for Housing and Construction, arrives in Lagos on Sunday at the head of a business mission designed to win for British companies an enlarged share of the massive Nigerian construction programme.

Despite long links with Nigeria, the British construction industry has been consistently outbid until the beginning of this year by continental competitors for many of the major projects designated in Nigerian development plans.

The Stanley mission will have five days of talks with the federal and state authorities about construction projects and will visit Abuja, site of the new federal capital, where contracts worth about £1bn have so far been awarded. Of that figure the British share is less than £10m.

The mission includes representatives from Balfour Beatty, Costain and Taylor Woodrow in the construction industry, from Ove Aarup, Anthony Gass and Scott, Wilson, Kirkpatrick in the consulting field, Portals Water Treatment and Morgan Grenfell, the London bankers.

Scott, Wilson, Kirkpatrick has undertaken some of the design for the infrastructure of central area of Abuja. Taylor Woodrow has a small road contract at one of Abuja's planned satellite towns.

Austria and India to establish links

K. K. Sharma in New Delhi

THE Federal Economic Chamber of Austria and the Association of Indian Engineering Industry (AIEI) have decided to establish links with the object of starting joint ventures in each other's countries and elsewhere.

Recent discussions held by Mr T. D. Sinha, President of AIEI, at Vienna, led to an agreement with Austrian industrialists on transfer of technology to set up the joint ventures. The possibility of Austrian firms making "buy-back" arrangements for the items produced was also discussed.

The Federal Economic Chamber told Mr Sinha that India could participate by supplying machinery, providing technical manpower and making arrangements for inter-company linkups in the joint ventures.

At present trade between India and Austria is limited. Austria exported Rs 280m (£16.9m) worth of goods to India in 1980, while its imports totalled Rs 200.8m.

Mitel expands Gwent factory plan

BY GUY DE JONQUIERES

MITEL, the fast-growing Canadian telecommunications equipment manufacturer, has decided *to expand plans to set up a factory* at Caldicot in Gwent, South Wales.

The size of the factory, due to open next summer, has been increased to 295,000 sq ft. Mitel's original plans, which have been amended several times, called for the construction of a *100,000 sq ft* plant in the first phase and the addition of a further 160,000 sq ft in 1983.

Dr Terry Matthews, executive vice president and co-founder of Mitel, said yesterday that he expected the company to seek still further manufacturing space in Britain before the end of next year.

Mitel expected to be employing about 2,000 people in Britain *by that date* and to increase the number to between 3,000 and 4,000 by 1985. Its UK investment over the next four years would be much higher than the £32.5m budgeted for Caldicot.

The company expects UK production to be worth £50m to £70m by the end of next year, 50 per cent higher than originally planned. It also intends to step up its research and development programme in Britain.

Mitel plans to make six models of private branch telephone exchange (PABX) integrated circuits and thick film circuits at Caldicot. The facility will also house the company's European headquarters.

The company won a contract last year to supply PABXs to British Telecom. It has also licensed British Telecom, the General Electric Company and Plessey to use its Iso-CMOS technology in making integrated circuits.

Dr Matthews said that Mitel had decided to step up the size of its Caldicot plant because its recent business growth had been even more rapid than expected *and was* likely to result in a turnover of C$240m this year.

If achieved, that target would extend Mitel's record of doubling turnover every year since it was founded in 1973. Turnover during its last financial year, ended February 27, totalled C$111m.

Metals recovery plant to be built in Clwyd

BY ELAINE WILLIAMS

A METALS RECOVERY plant is to be built at Mostyn Dock Estate in Clwyd, North Wales, at a cost of £1.2m. It will be financed by the British Technology Group (the merged National Enterprise Board and National Research and Development Corporation), and Technical Development Capital.

Other financial contributions come from the European Coal and Steel Community, the British Steel Corporation and Mr Quentin Chapman, whose company, Chapman Metallurgical, will run the refinery.

The refinery, which comes *into operation early next year* will recover high purity nickel and cobalt from scraps produced in the aerospace industry. Until now there has been no easy method of converting the scrap *into high purity materials.*

Mr Chapman invented a new chemical process which will be used at the Mostyn plant. Cobalt is used in the manufacture of jet engines and as a trace element in agriculture.

A disused 19th century corn mill at Bostol, Lincs. is to be turned into a food processing factory by **George Hull**, one of Britain's biggest game dealers, at a cost of £750,000.

Up to 300 people will be employed at the factory, which will process meat and game. The company already has depots and factories at Boston, Stockbridge in Hampshire, and in Scotland.

Karrier Motors, *the former* Dodge Trucks opeartion now owned jointly by Talbot and Renault Vehicules Industriels, is to end light van production early next year with the loss of 285 jobs.

Redundancies at the Luton and Dunstable plants will take place in two stages, in December and February.

The end of PB Spacevan production has been on the cards for about a year.

Eclipse Tools is to close its *steelmaking division in Sheffield* with the loss of *250 jobs.*

Eclipse is a leading manufacturer of hacksaw blades and employs 3,000 workers.

A further 90 redundancies have been announced by **H. H. Robertson** in Ellesmere Port, Cheshire. This will reduce the workforce to 360 by the end of *the month.*

The company, which manufactures steel roof and wall cladding, announced 60 job cuts in July.

Scanro of Sweden plans a factory to produce windsurfers at Longbenton, North Tyneside, the North of England Development Council said yesterday.

Fifty jobs will be created.

European semiconductor boost 'unlikely'

BY GUY DE JONQUIERES

WEST EUROPE stands little chance of developing an indigenous semiconductor industry able to compete worldwide on *equal terms with powerful* U.S. and Japanese manufacturers, in spite of the substantial support being given by European authorities.

But West European countries will probably increase modestly their total share of world production—which stood at 16 per cent in 1978—and eventually eliminate their sizeable collective deficit on international trade in semiconductors.

These are the principal conclusions *of a report published* yesterday by the Sussex University European Research Centre. It reckons that the world semiconductor industry will be *dominated by an international* "oligopoly" of big companies manufacturing a wide range of electronics products.

It says that two European-owned companies—Philips of the Netherlands and Siemens of West Germany—may belong to this oligopoly. But they will owe their success largely to their own efforts. Their allegiance will be to the world market, not particularly to Europe.

The report, written by Mr Giovanni Dosi, a research Fellow at the Research Centre, suggests that there is little hope of West European governments *and industry collaborating* in the type of policies which have enabled Japan to build an internationally competitive semiconductor industry.

It points out that government support mechanisms and the performance of individual electronics companies vary considerably between different West European countries.

Governments had so far mainly supported companies' *research and development* policies, and had tended to be guided by, rather than to influence, decisions taken by the companies.

In Japan, by contrast, government authorities had deployed a much more comprehensive range of policy instruments. They had sometimes forced companies to adhere to objectives which were judged to be in the long-term interests of the industry as a whole.

Technical Change and Survival: Europe's Semiconductor Industry. By Giovanni Dosi. Sussex European Research Centre, University of Sussex. £4.

Pandair in air freight scheme

By Lynton McLain

AN ATTEMPT to reverse the decline of European airfreight traffic in the face of highly competitive road haulage companies was launched yesterday by Pandair, the airfreight company of the P & O group, in partnership with British Midland Airways.

The volume of airfreight traffic between Britain and Europe had shown a "tremendous decrease" over the past four *years* although total trading had continued to increase steadily, Pandair said.

The increased traffic had been absorbed by specialist road hauliers. These offered overnight services and claimed to be "faster than airfreight."

The Aerolink plan is based on a daily British Midland Airways freight aircraft service between the East Midlands Airport and Maastricht in the south of the Netherlands, with lorry connections to Germany and Belgium.

The Viscount aircraft will leave East Midlands Airport in time to link with existing lorry network *timetables. The minimum* cost for the door-to-door service from the UK to Belgium, including goods collection, processing, customs clearance and delivery is £24. British Airways' freight rates, in contrast, are a minimum of £40.25.

Low noise 'bus stop' jetliner takes off

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITAIN'S newest civil airliner, the British Aerospace 146 four-engined feeder liner, made its maiden flight yesterday from the manufacturer's airfield at Hatfield, Hertfordshire.

The 146, on whose development British Aerospace is spending about £350m, is designed to carry up to 109 passengers over short distances. It is a "bus stop" jet, giving low noise and economic fuel consumption, for use from rugged airfields with minimum facilities.

The maiden flight lasted one hour and 40 minutes.

The pilot, Mr Mike Goodfellow, the chief test pilot of the Hatfield and Chester division of British Aerospace, said on landing: "It was wonderful. It went exactly as we had planned. The aircraft responded superbly, and throughout the flight proved to be ver ystable and delightfully controllable."

Eyewitnesses on the ground, including several thousands of the work force at Hatfield who have built the aircraft over the past few years, said that the aircraft was extremely quiet on take off—a good augury for its *success when it enters regular* operations next year.

So far, there are orders and options for 25 of the aircraft. These are worth over £160m, including spares. Each aircraft costs about $11.5m.

British Aerospace is aiming the 146 at a world market for feeder-liners estimated to amount to more than 1,200 by *the end of the 1980s. The* company hopes to win at least 30 per cent of the market.

Of the £350m investment planned in the development and production of the 146, more than £100m has been spent so far. Eighty per cent of the total will have been spent by the *end of 1984.*

Production is planned to rise to three aircraft a month by 1983. British Aerospace is ready to increase that rate, depending upon market demand.

£2.5m. air traffic control aid ordered

BY ALAN CANE

THE CIVIL AVIATION Authority is to replace aging communications equipment at the West Drayton, London air traffic control centre with a computer-based system designedand built in the UK.

The authority's order, valued at more than £2.5m, is a significant vote of confidence in *British technology and in International Aeradio (IAL)* which is to supply the system.

IAL is a subsidiary of British Airways. Thirty other airlines hold shares in the company.

Amicon, the U.S. company which is part of Litton Industries, and Nerion, part of Gustav A Ring of Sweden, were the chief competition to IAL.

IAL said yesterday that the CAA decision boosted its chances of exporting the system—known as "Stratus." The company has invested about £750,000 in its design and development.

IAL has sold Stratus systems *to Liverpool Airport, New Scot*land Yard, and to Abu Dhabi's new international airport.

Stratus is a switching system which controls a voice communications network using digital circuitry and microprocessors. It is the airways equivalent of "System X," British Telecom's new telephone system.

In the London air traffic control system, for example, 96 air traffic controllers and their back-up support will have access *to 144 radio telephone cannels.*

Mr Bernard Jones, general manager of data communications for IAL, said the world market for Stratus-type systems was £30m annually, excluding the U.S. and the Eastern bloc.

The Stratus contract is part of a re-equipment programme for the London air traffic control centre valued at more than £100m, of which £27m has so far been authorised.

Thatcher says worst of recession is over

By Mark Meredith

MRS THATCHER said yesterday she thought Britain was through the worst of the recession.

She was speaking on a visit to two areas of Scotland hard-hit by unemployment. New investment in Scotland, she told reporters accompanying her, was a message of hope.

Noisy demonstrations greeted Mrs Thatcher on her arrival to open a new factory in Renfrew and again 35 miles further south when she visited the Falmers Jeans factory at Cumnock. An egg and a bag of flour were thrown at her car.

Her visit was apparently designed to bring an optimistic message to the regions in the light of recent orders and new investments in Scotland. About 18 per cent of the workforce in both *Renfrew and Cumnock* are unemployed.

The Howden plant, which will eventually employ 300 workers, has orders to produce 40 gas circulators for the Torness and Heysham II nuclear power stations. At Howden Mrs Thatcher said she saw factories showing better productivity, being able to compete on price and to guarantee the best design. "*And that is good news.* It shows we can do it," she said.

"We are gradually seeing in Scotland and elsewhere news of new orders taking over from some of the tragic news of redundancies.

Mrs Thatcher praised the Weir Group for its recently improved performance. "That's good news for Scotland. They've pulled themselves up and got back into profit, and when companies get back into profit, they *have money to invest,*" she said.

Asked about the state of the economy, the Prime Minister said: "I would not say that the recession is over, but that we are through the worst."

Tories say industry is giving more

By Margaret Van Hattem

TORY PARTY treasurers yesterday described as "wildy inaccurate" reports that British industry has cut donations to party funds by £900,000 over the past 12 *months to register* disapproval of the Government's economic policies.

Lord Boardman and Mr Alistair McAlpine, the joint party treasurers, said in a statement that industrial donations received in 1980-81 were larger than in any year since the last election.

The statement referred to a Labour Research Department brief to be published on Monday which lists donations made by *individual* companies either to the party or to front organisations such as the Centre for Policy Studies and the British United Industrialists.

"Most of the figures are wildly inaccurate," the treasurers said.

"For instance they said 357 companies supported the Conservative Party in 1980-81 whereas the number of industrial subscribers to the central funds was 2,300 in addition to the thousands of small firms which support their constituencies.

"Despite world recession, industry and commerce are showing a robust support for the policies that the Government is pursuing

Pemex wins £350m acceptance credit from London banks

BY ALAN FRIEDMAN

PEMEX, the Mexican state oil and gas company, is being provided with a £350m sterling acceptance credit by London-based banks.

The syndicated loan, involving more than 50 banks and being managed by Samuel Montagu, Baring Brothers and N. M. Rothschild, is believed to be the largest sterling acceptance credit organised on the London market.

An acceptance credit is a written agreement between a bank and its customer which allows the company to draw bills of exchange on the bank up to an agreed total figure.

These bills, payable at a future date, are "accepted" by the bank and usually sold on the customer's behalf in the London Discount Market in order to provide cash for the customer.

The Pemex credit, which is £150m larger than the original *target, is the first major syndicated* loan in London since the Bank of England widened the number of eligible participating banks on August 20.

The money will be used by Pemex to help finance its external trade, specifically its export of oil and gas. The credit will carry a ½ per cent annual commission for the banks and will run for an initial two-year period with options for further extensions of two years each in the future.

The increased loan is still subject to the formal approval by Mexico's Finance Ministry and by Pemex.

At Samuel Montagu, Mr Francis Hamilton, a director, said he was pleased the Pemex *loan* had attracted such strong support from the market.

"This shows the London market is capable of providing large sums of capital for a borrower like Pemex," he added.

A number of the banks involved are those which have become newly eligible since the Bank of England widened its list of eligible banks last month. Also involved are some banks which are still ineligible.

Scottish agency opposes takeover of Royal Bank

BY WILLIAM HALL, BANKING CORRESPONDENT

THE Scottish Development Agency has come out firmly against any takeover of the Royal Bank of Scotland.

Its views could prove embarrassing for its chairman, Mr Robin Duthie, who sits on the board of the Royal Bank, which is hoping to merge with *Standard Chartered Bank.*

The SDA's evidence is the most powerful critique so far of the Royal Bank's plans, and is likely to be taken seriously by the Monopolies and Mergers Commission, which is taking evidence in Edinburgh this week about bids from Standard *Chartered* and *Hongkong* and Shanghai Banking Corporation.

The SDA and its chief executive, Dr George Mathewson, go into considerable detail about why they think the takeover is against the public interest.

SDA officials have visited the U.S. Federal Reserve and the Comptroller of the Currency's office in Washington, and have investigated how Standard Chartered manages its Californian subsidiary, Union Bank, and how Hongkong and Shanghai manages its majority investment in Marine Midland Bank.

The *main thrust of the SDA's* evidence is that the Royal Bank has performed satisfactorily in both regional and banking terms, and that there is no evidence it would do any better iftaken over.

The agency has concentrated on the regional impact of any *takeover* but also compares the rival bids. It concludes that Hongkong and Shanghai is the lesser of two evils since the Royal Bank's independence would be eroded less quickly.

However, the agency stresses that neither bid is in the public interest.

Two executives resign from Arbuthnot Latham

BY CHRISTINE MOIR

SIR TREVOR DAWSON, the chief investment manager of Arbuthnot Latham, the merchant bank, yesterday *resigned from all his positions* within the banking group. Mr Michael Barrett, his deputy, also resigned.

Both men were suspended from executive duties on July 17 pending investigations by Arbuthnot into their connections with Halliday Simpson, the suspended stockbroking firm which is the subject of a wide-ranging Stock Exchange inquiry.

At the time Mr Andrew Arbuthnot, chairman of the *banking group, said that the* internal investigation had been started at the request of Mr Nicholas Goodison, chairman of the Stock Exchange.

Yesterday the company said its *investigations*, which are being carried out by the accounting group Peat Marwick Mitchell, were continuing. No one else in the company is thought to be involved, Arbuthnot added.

Sir Trevor's main position within Arbuthnot was as chairman of Arbuthnot Securities, which has £140m of funds under management, £52m of which was *in unit trusts.* Mr Barrett was *managing director of Arbuthnot* Securities.

Pickfords' expansion plans

BY ELAINE WILLIAMS

PICKFORDS TRAVEL, part of the National Freight Company, is expanding its business to challenge Thomas Cook as Britain's biggest travel agent *chain.*

By the end of 1981 it will have spent a total of £7m on expansion and by 1984 will have increased its travel agent shops from 177 to nearly 400.

Pickfords Travel is the fastest growing company within the NFC group. In the last year its travel business increased by 27 per cent at a time when the average increase for the industry was only 10 per cent.

The compnay's main business is booking foreign *package* holidays for customers. About 56 per cent of its business comes from sales of major tour operators' holiday programmes.

As part of its aggressive marketing campaign the company is introducing a credit card system

Economies in Coventry after rates referendum

By Arthur Smith, Midlands Correspondent

LABOUR LEADERS of Coventry City Council decided yesterday to cut spending by £2m following a referendum in which electors voted 3-1 in favour of economies.

Exact details of where the axe will fall are unlikely to be worked out for at least two weeks. The attitude of the trade unions—which are threatening industrial action in the event of compulsory redundancies—could prove crucial.

The council is not bound by last week's referendum. But all the council's spending committees have been told to consider where budget reductions can be *made.*

Labour newspaper launched in London

MR KEN LIVINGSTONE, leader of the Greater London Council, and Mr Ted Knight and Mr Matthew Warburton, his fellow councillors, yesterday launched a Socialist newspaper aimed at specialising in local government issues.

Mr Livingstone said the main aim of the new paper, Labour Herald, is to co-ordinate the fight by local councils against Government cuts.

Only one bidder for Ronson

ONLY ONE serious bidder has emerged for Ronson Products, the maker of lighters and shavers, which is in the hands of the receivers. The bidder is believed to be interested in taking over the entire Ronson British operation.

Sale of surplus wine stocks

TWO SUBSTANTIAL auctions *of trade stocks of wine* will open the autumn season of Christie's and Sotheby's. They will offer private buyers opportunities to acquire surplus stocks that have not been common since the mass-disposal sales in London in the mid-1970s.

Big road scheme for N. Wales

ROAD CONSTRUCTION contracts totalling nearly £18m, to make the North Wales A55 coast road to Anglesey into a dual cariageway, are to be awarded by the Welsh Office during the current financial year, Mr Wyn Roberts, the Welsh Parliamentary Under Secretary, *said yesterday.*

Accord on value of foreign investment

CRITERIA for judging the value of foreign investment projects in the UK were agreed last night between leaders of the Confederation of British Industry and Sir Keith Joseph, Industry Secretary.

They are that foreign owned *factories should* make a major use of UK-produced goods and should export their products to the EEC. There should also be a net increase in employment. The CBI urged Sir Keith to stress these points when he visits Japan later this month.

Aberfan gas pipes to be re-routed

WALES GAS agreed yesterday *to spend £100,000 re-routing gas* pipes in the Welsh village of Aberfan, after urgent talks with local authority leaders over an underground fire threat.

The move follows a blunt refusal of Aberfan parents to send their children to the local primary school because of fears *for their safety. The present* gas main for about half the village runs through the school grounds, built on a former waste tip which has recently been discovered to contain a smouldering underground fire.

Whitbread will worth £6.6m

MR PETER WHITBREAD, a member of the brewing family, left £6.6m net in his will published yesterday. Most of the estate (£6,756,503 gross, £6,679,548 net) goes to his three neices, his closest living relatives. *Some £2,000 is to be dis*tributed among his personal staff.

Drilling rig order goes to UIE

UIE SHIPBUILDING (SCOTLAND), has won an order worth £19m for the supply of a jack-up drilling rig to be used in developing the Morecambe Bay gasfield.

NEI Projects wins energy contract

NEI PROJECTS, the project engineering company of NEI, has been awarded a contract by the South of Scotland Electricity Board to supply heavy electrical plant for Torness nuclear power station near Dunbar in East Lothian, Scotland. The station comprises two 660Mw nuclear reactors and associated generating plant. The contract is worth about £15m.

Uranium prices 'too low to finance necessary new production'

David Fishlock on supply and demand problems in the nuclear fuel industry

SPOT MARKET prices for uranium were too low to cover even direct operating costs for *a major part of the uranium* supply industry, nuclear industry, nuclear industry industry executives were told at the annual symposium of the Uranium Institute in London yesterday.

Prices were too low to provide the incentives needed "to ensure the *timely development* of new production facilities which will be required between 1985 and 1990," warned Mr Barry Lloyd, general manager of Pancontinental Mining.

Mr Lloyd was one of four speakers reviewing uranium supply and demand prospects to *1995* on behalf of the Uranium Institute, a think tank representing customers and suppliers of nuclear fuel.

No likely price increase would be lagge enough to permit higher-cost suppliers to re-enter the market, even though the nuclear industry would be "continuing to grow quite rapidly for the next decade," he said.

"The problem for the producers is that the distortions *which have occurred through* over-production and stockpiling, will take some years to work their way out of the system."

The excess of supply would persist until the mid-1980s because of the inflexibility of the *electricity' companies' supply* commitments, said Mr Andrew Clements, head of a group responsible for Britain's uranium procurement policy at the Central Electricity Generating Board.

Mr Clements said it would be to everyone's advantage if the electricity supply companies brought uranium supply back into line with reactor consumption as quickly as possible "even though this would have the effect of reducing the rate of growth in uranium."

Prolonging an artificial excess *of supply would "continue and* perhaps worsen the effects of the distorted uranium market that already troubles the producers today."

Summarising the balance of uranium supply and demand, M Philippe Darmayan, in charge of market planning for the Pechiney Eugene Kuhlmann group, said the CEGB and other utilities pursuing long-term purchasing policies, were more optimistic than some electricity suppliers.

"The difference between the individual circumstances *and commitments of those par*ticipating in the uranium market are so marked that one cannot expect to find a uniformity of views at the present time."

In an opening address, reviewing the world energy outlook, M Pierre Desprairies, chairman of the Institute Francais du Petrole, said the world energy market would continue to be "extremely fragile and highly sensitive to the slightest variation in economic growth rates."

He offered his "strongest en*couragement" to the uranium* industry.

"No matter how disappointing the outlook for the development of nuclear electricity may seem at present in a great many countries, there is no doubt that it will soon assume its forward progress, particularly in coun*tries lacking in natural energy* resources, both in Western Europe and Japan and elsewhere."

For these countries the choice lay between oil and natural gas, whose prices would certainly increase if economic growth returned; imported coal, which had to be paid for in hard currency to the extent of 60 per cent of the amount imported; and uranium.

Uranium provided kiloWatthours 30 per cent cheaper than coal, and only 10 per cent had to be paid for in hard currency.

According to estimates provided by M. Georges Moynet, head of the programming division Electricite de France, production cost of coal-fired electricity in Western Europe would be between 45 and 77 per cent *higher* than the production cost of nuclear electricity from the pressurised water reactor by 1990.

M Moynet's assumptions included costs for reprocessing and for the dismantling of old reactors which are believed to be low by UK estimates.

The developing countries expected their nuclear capacity to rise to 36,000 MW by the end of the 1980s, said Dr Adnan Mustafa, assistant *secretary* general of the Organisation of Arab Petroleum Exporting Countries.

This would necessitate nuclear investment of about $67bn.

"This calls for intense pressure to be applied to all other international financial bodies, especially the *World Bank and* other regional and international funds, to adjust their policies so as to enhance their contribution to the investment required."

He urged the Uranium Institute to work for, and to fund, a programme of co-operation between developing and developed countries in the "peaceful expansion of nuclear energy."

Climatic effect of carbon dioxide 'may be worse than expected'

THE CLIMATIC consequences *of increasing carbon dioxide* in the earth's atmosphere, resulting from the burning of fossil fuels, could turn out to be much worse than hitherto predicted, a leading British meteorologist forecast in London last night.

"The carbon dioxide issue *has been called man's greatest* experiment," warned Dr Tom Wigley, director of the Climatic Research Unit at the *University of East Anglia,* Norwich. "We may not like the results."

Dr Wigley, in an address delivered to the Uranium Institute, said it was no longer a question whether accumulating carbon dioxide would cause global warming *of the earth through the so*-called "green house effect"—but when.

The effects were masked at present by the "noise" of natural climatic variability and by the thermal inertia of the oceans.

"It is likely that unequivocal detection of carbon dioxide effects will not be made until, at the earliest, the late 1980s, and at the latest well into the *21st* century."

If the effects continue to be masked until the next century, "then large changes in future climate will, by that time, be unavoidable."

Eventually, effects could include a rise of four-six metres in the sea level through disintegration of the western Antarctic ice sheets. Even if spread over centuries, such a rise would be catastrophic, Dr Wigley said.

There might well be changes not only in the mean temperature of the earth but in the year-to-year variability of climates. "Any increase in variability," he said, "would serve only to exacerbate *problems resulting from* changes in the mean."

He instanced the kind of problems already encountered from the variability in mean temperature, such as the recent severe winter in the U.S.,

Energy consumption falls by 6.3% in first half

BY RAY DAFTER, ENERGY EDITOR

THE FALL in UK energy consumption is beginning to slow down, according to latest Government figures.

The Energy Department's provisional energy statistics, published yesterday, show that the UK used 4.2 per cent less fuel and power in the May-July quarter compared with the same period last year.

In the first six months of this year energy consumption was 183.9m tonnes of coal or coal equivalent—a drop of 6.3 per cent on the corresponding period in 1980.

The UK used the equivalent of 328m tonnes of coal last year—7.8 per cent less than in 1979.

The oil industry again felt the major impact of declining demand. Consumption of oil products in the May-July quarter fell by 9.5 per cent compared with the same quarter last year. Coal consumption dropped 3.3 per cent. Natural gas demand rose by 1.2 per cent.

The consumption of all primary fuels during the May-July period was the equivalent of 68m tonnes of coal.

The domestic production of fuels — coal, oil, natural gas, nuclear power and hydro-electricity — totalled the equivalent of 80m tonnes of coal, a 4.1 per cent rise over output in the corresponding three monts of last year.

Oil production, mainly from the North Sea, totalled 21.5m tonnes in the May-July quarter

● North Sea Sun Oil, a subsidiary of the U.S.-based Sun Company, found small quantities of natural gas and condensate (very light oil) in a well drilled on block 22/8, about 150 miles north-east of Aberdeen. Flow rate were disappointing. The well has been plugged and abandoned.

During a short test, North Sea Sun and its partners produced gas at a rate of 4m cubic feet a day and condensate—with a specific gravity of 49.5 degress (American Petroleum Institute)—at a rate of 400 barrels a day. However, stable flowing conditions were not achieved.

UNITED KINGDOM INLAND ENERGY CONSUMPTION
(million tonnes of coal or coal equivalent)

	Total	Coal	Petroleum	Natural gas	Nuclear & hydro electricity
1981 May	22.7	9.0	7.8	4.9	1.0
June	25.5	10.1	9.6	4.5	1.3
July	19.8	8.2	7.4	3.2	1.0
Total	68.0	27.3	24.8	12.8	3.3
Per cent change	−4.2	−3.3	−9.5	+1.2	+14.9

United Kingdom indigenous production of primary fuels
(million tonnes of coal or coal equivalent)

	Total	Coal	Petroleum	Natural gas	Nuclear & hydro electricity
1981 May	27.6	10.5	12.3	3.8	1.0
June	27.9	11.3	12.0	3.3	1.3
July	24.6	9.1	12.3	2.2	1.0
Total	80.1	30.9	36.6	9.3	3.3
Per cent change	+4.1	−0.1	+7.6	+2.0	+14.9

Insurance companies' assets put at £50bn

By Eric Short

TOTAL ASSETS of UK insurance companies reached £49.96bn at the end of 1980, with investment income last year totalling £4.31bn, according to the Insurance Business Annual Report 1980, published by the Department of Trade.

At the end of the year there were 848 companies authorised to carry on insurance business in the UK of which 27 were newly authorised.

These companies took £5.93bn of premiums last year for general insurance business and £6.57bn in long-term business. They paid out £2.97bn on general insurance claims and £3.59bn on long-term business claims.

The report showed that during 1980 the Secretary of State for Trade did not use his statutory powers to intervene in the affairs of insurance companies, except for cases concerned with newly authorised companies or companies involved in a change in control. In 1979, the statutory powers were used on seven occasions.

SO £3.75

Sun-Ray set to turn spinning plant

Rhys David looks at the last-minute deal that saved a Welsh factory

SUN-RAY DYEING, a privately-owned Leicester company, is hoping to succeed where Burlington, of the U.S., the world's biggest textile group, has just admitted defeat.

Sun-Ray (turnover last year £3m) is the new owner of the modern Schappe worsted spinning plant established by Burlington in the small former mining village of Llay, in the Welsh countryside near Wrexham in 1969.

The plant was set up in the early stages of the American group's expansion into Europe—a programme which was later to bring the development of other much bigger plants in Italy and Ireland.

The Wrexham plant, and another older unit at Farnworth near Bolton, also owned by Schappe—a Swiss company Burlington bought in the early 1960s—were by last year losing more than £500,000 a year on a turnover of £2.5m.

Attempts were made in the mid-1970s to reduce the company's dependence on the declining Yorkshire weaving trade, its original market, by switching to the production of yarns for the less seriously affected Midlands knitting industry.

With prices there also coming under pressure in the past two years as a result of the recession and competition from imported yarns, Burlington decided last year to close the company.

Sun-Ray was one of the customers which would have had to look elsewhere for supplies. It relied on Schappe for about a third of the yarns it was dyeing for the machine-knitting trade. The day before Burlington decided to pull out, Sun-Ray negotiated a deal under which Schappe would be supplying two-thirds of its requirements for machine knitting yarns.

Mr Derek Jones, then an accountant with Sun-Ray and now in charge of the Wrexham operation as plant executive, says: "We discussed the disclosure at a board meeting immediately on hearing about it, and we came to see the Wrexham plant the following day. We liked what we saw and as we had been considering diversifying made an offer."

Burlington was unwilling to sell just the modern Wrexham plant so Sun-Ray also had to take on Farnworth and offices in Manchester. The price was very low; however, at under £1m, and a deal was concluded within weeks at the end of last year.

The redundancy notices already issued for Farnworth, where about half Schappe's 350 workforce was employed, were allowed to stand and the Manchester offices, employing a further 20 people, were also closed. This left just Wrexham, with a production capacity at the time of about 25 tonnes of yarn a week.

Sun-Ray's conclusion is that Burlington, for all its expertise as a major producer of yarns and fabrics, was probably not very good at running—by American standards—a small unit. Prices, according to Mr Jones, had been set too low and there had been a failure to maintain investment in modern plant.

The company had been transferring older equipment from other European plants into Wrexham and in its 10-year life the Schappe business had also been subject to constant reorganisation and several changes of name.

The operation had come under increasingly tight control, first from the Continent where it was integrated wih other Burlington operations in France, and latterly from the U.S. By the end, the Manchester office staff—whose jobs are now being done by only a handful of Sun-Ray managers—were spending most of their time sending figures back to New York.

Under Sun-Ray, which had no previous involvement in spinning, the Wrexham plant has begun to fill out its range of basic acrylic yarns with new specialities. Two of these, an acrylic-nylon mix which the parent group had previously had to acquire from spinners overseas, and a new soft acrylic have been on display at this year's Leicester knitting week, the industry's main trade show.

Sun-Ray's policy is to reinvest all profits. It will also be spending £250,000 this year on new twisting equipment and winding machinery for the factory, and efforts will be made to widen Schappe's customer list to reduce dependence on Sun-Ray, which still takes about two-thirds of the output.

This year's target is to reduce by more than two-thirds the losses Burlington was making at Schappe, with a turn round into profit in 18 months. The company has already re-opened the Farnworth mill, taking on 51 people, mostly ex-employees, to meet increasing demand.

This is providing an extra 10 tonnes a week output to add to the 25 tonnes manufactured at Wrexham. At the end of November, when new equipment is commissioned, capacity at Wrexham will rise to 30 tonnes a week.

The ultimate aim is to expand further at Wrexham in order to take an increasing share of the UK knitting yarn market. This would mean building eventually on part of the 11-acre site acquired with the Wrexham plant—land purchased by Burlington as a possible site for its own growth in Europe.

David Fishlock and Raymond Snoddy report on British Association meeting in York

Seismic surveys 'the way to cut coal costs'

THE COST of coal-mining in Britain could be reduced dramatically by using the latest seismic survey techniques to map out new mines, a scientist told the geology section of the British Association meeting at York yesterday.

Dr Anton Ziolkowski, consultant geophysicist to the British National Oil Corporation, estimated that such techniques could increase the amount of coal extracted from a new mine from about 30 per cent to perhaps 50 per cent.

Seismic surveys could fit the pattern of mining to geological faults in the coal and avoid the unscheduled interruptions that occurred when major faults were encountered unexpectedly.

Another saving would be in the spare mining capacity that had to be carried in Britain to make up for delays of several months while the 1,000 tonnes of machinery on an abandoned coal face was relocated.

Dr Ziolkowski estimated the current capital investment for a new mine at about £100m per 1m tonnes of annual output.

The oil industry used geophysics to help find oil, but coal in Britain was not difficult to find, he said. Geology, however, was a major factor in coal production costs.

Dr Ziolkowski concluded that the costs which could be tolerated for coal seismic surveys were much higher than for oil.

It was possible to complement surface seismic surveys with underground methods that picked up faults too small to be resolved from the surface. He paid tribute to research by the National Coal Board's Mining Research and Development Establishment, and in West Germany, in developing in-seam seismic methods to detect faults 200 to 300 ahead of the coal face.

Although in-seam methods still had several constraints, they offered "enormous potential for saving costs."

Dr Ziolkowski highlighted an anomaly in the training of geophysicists in Britain. Of the capital spent by industry on geophysical exploration figures, 90 per cent was devoted to seismic reflection "because this is the technique that gives more of the answers." However, of the teaching and R and D done in British universities "probably less than 20 per cent is on seismic reflection."

The main reasons why seismic reflections methods were widely used in the oil industry were that "the data are usually good and are still relatively cheap to acquire," Mr C. J. Ireland, North Sea project leader of Esso Exploration and Production, told the meeting.

One of the latest seismic techniques was direct hydrocarbon indicator (DHI) analysis, the direct detection of the presence of hydrocarbons from seismic results.

"The presence of hydrocarbons within prospective reservoirs "dramatically affects the sub surface response of the seismic pulse," said Mr Ireland.

DHIs included the presence of gas which could cause "bright spots," and "dim spots" in the amplitude of the echo, or change the frequency or velocity of the signals.

Scientists at the National Physical Laboratory have discovered why it often proves difficult to remake soldered joints when repairing old hi-fi equipment.

Lead was the culprit, Dr. E. D. Hondros, superintendent of the NPL division of materials, applications, told the physics section.

As a result of aging processes in the soldered joints, and the inter-defusion of atoms, the outer solder surface became enriched in lead. The lead oxidised to produce a surface which was extremely difficult to re-solder.

"This is a striking example of how the most modern advances in surface examination techniques are being brought to bear in order to improve manufacturing reliability, even in one of the most ancient practices," said Dr Hondros.

Thatcher action urged on trees

SCIENTISTS WROTE to Mrs Margaret Thatcher urging her to persuade world leaders to protect the earth's forests before it is too late.

They warned at the association that forests were being destroyed at the rate of an area the size of Wales every seven weeks, and that the amount of carbon dioxide in the atmosphere was rising by 3 per cent every 10 years.

The scientists include Professor Duncan Poore of Oxford University, Mr Richard Steele, director-general of the Nature Conservancy Council and Mr John Campbell, head of the Economic Forestry Group.

They want Mrs Thatcher to invite world leaders to discuss the problem at next month's meeting of the North-South summit in Mexico.

Building sector 'needs a society'

Mr Peter Dunican, chairman of Ove Arup Partnership and the National Building Agency made a renewed call at the engineering section for the formation of a society for the built environment to break down the "entrenched isolationism" of the individual building professions.

Six years ago Sir Ove Arup proposed that a learned society, where all the professions and trades who work to shape the environment could exchange views should be set up. Although everyone paid lip service to the idea of unity the professions had thwarted it.

He also argued that to tackle the problems of inner cities "we will be swimming against the natural tide of the economic and social trends of the past 30 years which have been to re-create and serve demands that have ceased to exist. ... ...

UK management 'under-educated'

BRITISH management was under-educated, particularly lacking in advanced scientific and technological training and committed to practices ill-suited to industrial innovation, Dr S. S. Blume, a senior research fellow at the London School of Economics told the sociology section.

Authority was exercised in companies on the basis of hierarchical position rather than expertise—something that was unsuited to innovative activity.

Dr Blume said there was evidence that the proportion of industrial managers who are graduates is lower in Britain than in most comparable countries.

Dr Blume argued that the quality of British managers was one symptom of major social barriers to effective technological innovation in Britain.

Wandsworth Council unions issue strike threat

By Our Labour Staff

TRADE UNIONS at Wandsworth Council warned yesterday that the London borough faces the likelihood of immediate, united industrial action—probably a strike—if it decides to contract out street cleaning to the private sector.

The local officers of the National and Local Government Officers' Association also repeated the union's threat to nationally "black" companies who tender for the contract to clean Wandsworth's streets, which would be worth about £1m a year. The threat has been referred to the Director of Public Prosecutions by the Federation of Civil Engineering Contractors.

Some 24 companies have expressed an interest in the contract, for which tenders have been invited. They are due to be opened on September 14, and leaders of the Conservative-controlled council say they may contract out the service if the tenders are "very competitive" and if the decision would benefit ratepayers.

"If that means taking on the unions over some kind of industrial action then so be it," Mr Roger Merry-Price, chairman of the council's establishment committee, said yesterday.

The unions are particularly incensed that the council has been inviting tenders while discussing a productivity deal with representatives of its 100 street cleaners.

The issue will come before employer and union representatives of the Greater London Joint Council's pay and productivity committee on Monday.

Certification Officer rules in favour of union over funds

BY JOHN LLOYD, LABOUR CORRESPONDENT

AN IMPORTANT judgment on the use of trade union funds for political purposes has been made by the Certification Officer, the Government-appointed official who regulates trade union affairs.

The judgment is ironically in favour of a union which has complained about the Certification Officers' previous decisions in a motion to be debated at next week's TUC conference.

Mr Alan Burridge, who was recently appointed to the post, has rejected a complaint made bya member of the Post Office Engineering Union, Mr R. N. Coleman. Mr Coleman made a complaint against the payment of an £8 affiliation fee by the POEU's Canterbury Branch to the Canterbury and District Trades Council campaign against cuts from the branch's general, rather than political fund.

Mr Coleman claimed that, under the 1913 Trade Union breach of its political fund Act, the union had acted in rules.

The importance of Mr Burridge's decision lies in the definition of the word "political." In his judgment he says that the relevant clause of the 1913 act, and of the union's rule, "are primarily aimed at expenditure on literature or meetings held by a party which has or seeks to have members in parliament, or directly and expressly in support of such a party."

He says that attempts to widen a definition of "political" beyond these boundaries would present problems.

The judgment follows a controversial ruling by Mr Burridge's predecessor on the decision by the Nottinghamshire area of the National Union of Mineworkers to invest money from its general fund in the Labour Party's new office building.

The Certification Officer upheld a complaint against the union, and said that political funds should have been used.

That, and other judgments, have given rise to concern among unions, which has been expressed in a motion to next week's TUC Conference from the POEU.

The POEU calls for the TUC general council to review the Officer's role in the light of his "anti-trade union judgments."

Mersey dockers reject pay offer

BY BRIAN GROOM, LABOUR STAFF

LIVERPOOL'S 3,500 registered dockers rejected their employers' final pay and produtcivity offer by a large majority yesterday but refrained from calling immediately for further industrial action.

They demanded fresh talks with the Liverpool Port Employers' Association. These are likely to take place early next week, but the employers say they will not amend their offer further. Negotiations have lasted four months and involved six one-day stoppages.

Mr James Fitzpatrick, chairman of the port employers, described the decision—taken at a mass meeting at Liverpool boxing stadium on the recommendation of Transport and General Workers' Union shop pointment" and a severe blow stewards—as "a great disap- to the Mersey's future prospects.

The employers' offer would give dockers an extra £11 a week for normal working, bringing their wage up to £89.50 a week, as well as increased shift and bonus payments and a £200 lump sum representing backdated pay.

The sticking point, however, is important changes to working practices on which the employers have insisted. These include substantial reductions in manning levels which the dockers fear may lead to demands for further redundancies.

The employers say they do not intend to seek more job losses following nearly 1,300 voluntary redundancies this spring. The reductions in manning are needed to achieve competitive rates and attract new business to secure the future of the loss-making port.

Mr Dennis Kelly, chairman of the Mersey Dock shop stewards committee, said yesterday: "While talks go on we have agreed there will be no industrial action." Mr Jimmy Symes, district docks secretary of the TGWU, said the negotiators had been given a clear mandate to start again.

Mr Fitzpatrick said the uncertainty surrounding the negotiations was frightening away trade and undermining future job prospects for the men.

"There are no registered dock workers anywhere in the UK better acquainted with the predicament facing their own port, yet the Liverpool dockers have refused to face up to reality. They were fully aware that what they have now rejected contains the maximum pay the port could afford for the minimum changes needed to give it a chance of survival," he said.

Threat to BP refinery withdrawn by union

By Nick Garnett, Labour Staff

THE DISPUTE which threatened to close BP's Grangemouth refinery in Scotland was resolved yesterday when the Transport and General Workers Union withdrew its industrial action threat.

The union, representing process workers, also withdrew its threat to unilaterally impose new working arrangements at the refinery in its dispute over pay and the plant's operating agreement.

TGWU members voted overwhelmingly to accept an agreement which appears to link changes in the grading structure to alterations in working practices.

A company statement said that providing agreement was reached on improving efficiency by altering working practices, agreement could then be secured on a new grading structure.

The extra costs involved in regrading would be generated by higher efficiency.

Changes in the grading structure would result in improvements in pay differentials. These would provide new salary levels and form the base from which the group's pay will be renegotiated next March.

Scargill 'confident' of winning NUM presidential election

BY NICK GARNETT, LABOUR STAFF

MR ARTHUR SCARGILL, Yorkshire area president of the National Union of Mineworkers, said yesterday he was "absolutely confident" of winning the election for his union's presidency which will take place in the first week of December.

Miners would vote for a "progressive, fighting" president and that was himself, Mr Scargill said, after a meeting of the union's executive to fix a timetable for the election.

Mr Scargill, the left candidate, is clear favourite to win the election. Mr Trevor Bell, secretary of Cosa, the union's white collar section and candidate for the Right-moderates, said earlier this week the result was not a foregone conclusion and many miners were still undecided.

The executive agreed nominations should be invited from October 5 with a closing date of November 2. The pit-head ballot will take place in a 24 hour period from December 2 to December 4 with the result reported to the executive on December 10.

Mr Joe Gormley, the present president, said he wanted the new man to be ready for work at the union's head office in January, a few months before Mr Gormley will retire.

There have been some faint rumblings in the union about an increase of about 5,000 in the past year in the number of NUM members who have been off work for more than 18 months but still have their national contributions paid—entitling them to take part in elections.

Most of these are believed to be in the Yorkshire area. The area council is entitled to ensure the payment of contributions for these men under its constitution.

The union will formally fix its pay claim for this year—based on a minimum £100 a week for surface workers—on September 24.

It is seeking a meeting with the National Coal Board on October 6 with a report back on the outcome of that meeting to its executive on October 8.

Proposals on sick pay attacked

FINANCIAL TIMES REPORTER

SICK workers face the sack if new Government proposals on sick pay are adopted, the Low Pay Unit warned yesterday.

The unit told the Health and Social Security Department: "Low earners, the sick, and the disabled all stand to lose."

The Government has proposed that employers should be responsible for handing out sick pay for the first eight weeks of illness.

The unit says this would provide an incentive for employers to get rid of sick employees and reject unhealthy job seekers.

The unit says the proposal that small businesses would receive extra compensation if their total wage bill costs did not exceed a set level would also hit the sick. This would be a clear inducement for some employers to keep down wages.

In another submission, to MPs, the newly-formed Unemployment Alliance alleges discrimination against the unemployed in the payment of State benefits.

It says that when new supplementary benefit rates are introduced in November single unemployed workers will be paid £6.35 less each week than others dependent on benefits, while families will receive £9.60 less.

John Lloyd on the background to the dispute that threatens production

Why the FT presses may not run tonight

THE DISPUTE which threatens to close the Financial Times from tonight has come to a head at a particularly bad time for the company.

There are three reasons for this.

First, the newspaper has dipped, untypically, into loss. Last year, the loss was some £150,000; this year, it is expected to be around the same.

Second, and consequent upon that flash of red ink, the newspaper has embarked upon an attempt to shed some 72 of its staff, mainly in the printing and clerical areas. It is doing so by voluntary means, holding out the prospects of redundancy payments running up to £30,000 to get the cuts it says it needs.

Third, the FT wants to introduce computerised setting and photocomposition over the next two years, an aim announced earlier this year. These plans would mean very substantial job reductions—last month, the National Graphical Association was told that the reduction to be sought in the 241-strong composing room would be 37 per cent or over 80 jobs.

Discussions on computerisation and staffing cuts have been frozen by the crisis. The paper's management has met the National Graphical Association—the main union in the composing room—only once on computerisation, and the other unions not at all.

There have been two management-union meetings on redundancy: in neither did the unions show their hands. The first reactions were neutral: senior union officials commented that the package appeared reasonable, provided it was negotiable, which it is.

Their positions will be determined, however, by what emerges as the mood of their members. Already, the clerical chapel (office branch) of the National Society of Operative Printers, Graphical and Media Personnel has circularised its members warning them against taking redundancy on pain of losing their union cards (and thus further employment prospects on national newspapers).

The dispute which has caused this freeze is, like many Fleet Street disagreements, complex and small-scale. It is also lengthy. Discussions began in February 1980, and it has already been responsible for a six-day stoppage when the machine managers at the heart of the dispute were dismissed. Some 500,000 copies have also been lost on other occasions.

Briefly, the central issue is a productivity deal negotiated between the FT management and the Natsopa machine assistants in March 1980.

The NGA-organised machine managers—there are 15 full-timers and "regular casuals"—took part in these talks, then pulled out. They later said the productivity deal eroded the historic differentials between the two unions (Natsopa machine assistants receive around 85 per cent of the managers' wage, which now averages (according to the FT) some £250 a week).

Negotiations continued until July 1980, when a re-drafted comprehensive agreement was presented to the chapel. In September, the NGA's London Region rejected the terms of reference of the agreement, followed in October by the chapel. An overtime ban was imposed, and between October and early December, more than 400,000 copies of the paper were lost on a number of nights.

On December 6, the FT dismissed the machine managers. Production of the paper ceased in London, but continued in Frankfurt, as other staff continued to work normally. On December 12, both sides went to the Advisory, Conciliation and Arbitration Service, where an "understanding" was reached and negotiations were resumed.

These continued until May, when a further 50,000 copies were lost on three successive nights. Acas was brought in once more; and the FT agreed to restore the NGA/Natsopa differential to 1977-79 levels—though the management still claims that differentials were not essentially disturbed.

The did not satisfy the chapel. Discussions continued, but broke down when a final offer was rejected by the managers early last month. On August 7, the NGA issued a 28-day notice of an official stoppage in support of the managers' chapel.

The management more than matched that: if the strike went ahead, it said the next day, the 580 printers working for St Clement's Press, the FT's printing subsidiary, would be locked out and attempts made to print the paper by "other means." (So far, no "other means" have been found: printing in Frankfurt has been ruled out).

Between then and today, talks have gone on at various levels. The TUC's printing industries committee, under the chairmanship of Mr Bill Keys, the experienced general secretary of the Society of Graphical and Allied Trades, threw around some ideas, one of which was for a joint press room agreement between the NGA and Natsopa aimed at reducing differential and demarcation disputes.

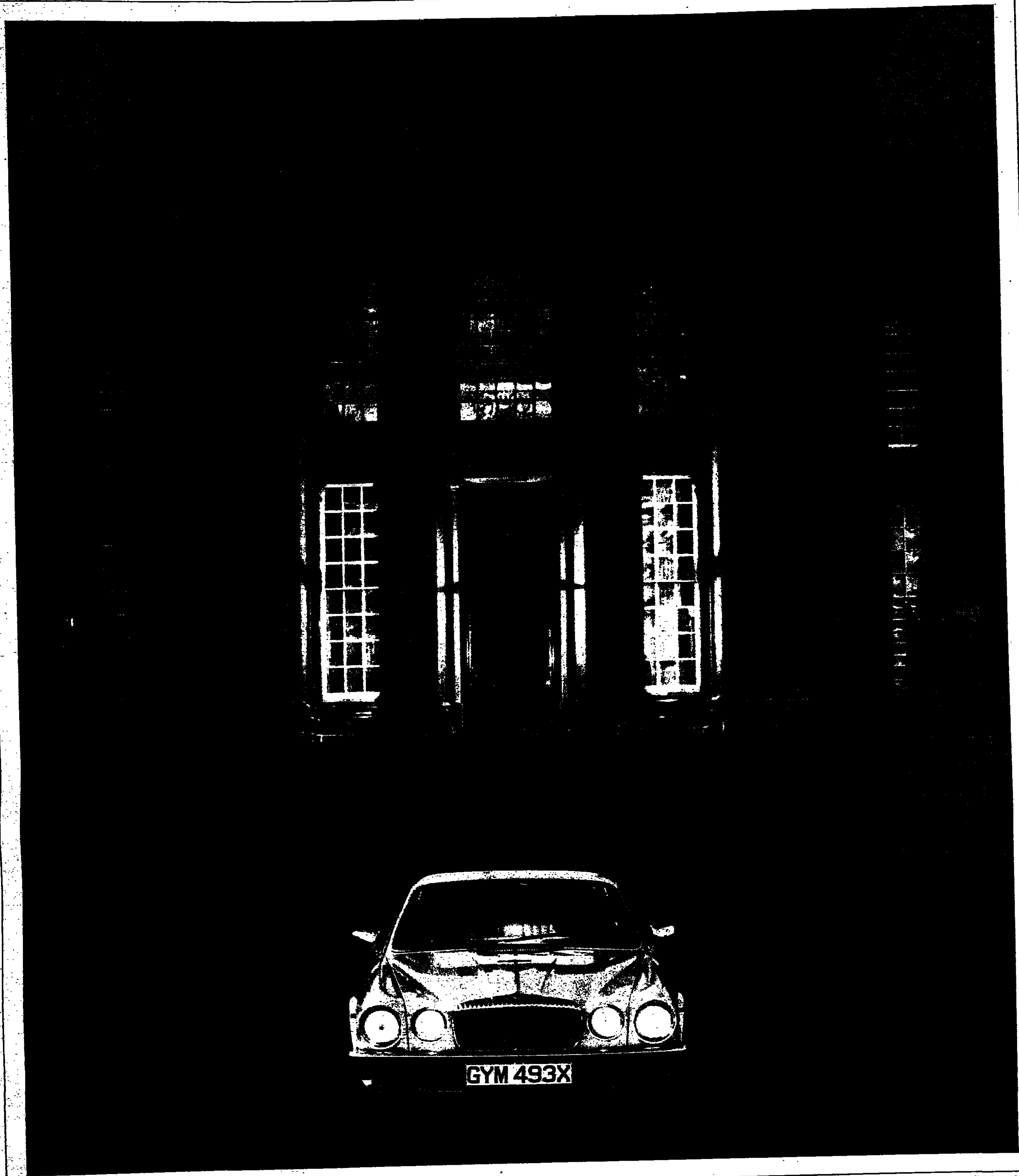
That was agreed in principle last week and would win the approval of the company, but it does not remove the managers' differential grievance.

In lengthy talks on Wednesday, the issue of the NGA's demand for "new money"—unrelated to productivity or correction of differentials—appears to have emerged.

It is this demand, which management costs at 23 per cent on the wage bill and an extra 10 per cent in the pay packet—which the FT refuses to concede.

Mr Alan Hare, the FT's chairman, talked yesterday of the "sanctity" of agreements, his point underscored by the presence with him at the press conference of Mr John Lepage, director of the Newspaper Publishers' Association, the body which concludes the national agreement.

Mr Hare conceded it was a bad time for the paper but insisted it had no choice. Thus, with mutually incompatible positions, the two sides returned to Acas for the third time yesterday afternoon, in the not-too sanguine hope that a lasting deal can be struck.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THE PROPERTY MARKET BY MICHAEL CASSELL

Slack rents peg yields

CONCERN over medium-term prospects for capital and rental growth in the commercial property market now seems likely to prevent prime yields from falling any further.

A five-year decline in yields has brought them to historically low levels but the investment market has been waiting to see whether the pressure of money and the growing scarcity of suitable investment opportunities could drive them down still further.

On the basis that such low yields on most types of property have not been fully justified for a year or more, is there any reason why further falls should not be contemplated? According to Paul Orchard-Lisle of Healey & Baker, the answer is yes and the reason is uncertainty over rental prospects.

As he points out, initial yields constitute only one vital ingredient when assessing property values. Just as relevant are prospective rates of capital and rental growth and, therefore, any comment on yields can only be valuable if it is related to the combination of initial returns and expectations centred on rental growth.

Healey and Baker's research shows that over the last four years, the type of rental movement recorded on shops, offices and industrial property have shown, when attached to the yield rates obtained initially, convincing rates of real growth in relation to the retail price index.

But the picture alters somewhat if the same comparisons are made to cover the last 12 months alone. Industrial rents, for example, have grown by little more than 2 per cent compared with nearly 20 per cent in the previous year although office rents actually rose by 14.9 per cent against 12.4 per cent in the preceding 12 months. Retail rents, which have continued to grow throughout the country, recorded an average 10.6 per cent gain, nearly all of which was in the latest six-month period.

Given the comparative deterioration in the short-term rental picture, present yields may look highly suspect but Paul Orchard-Lisle says that if rents in the medium-term continue to rise in the way they have done over the last four-year period as a whole, rather than just the last 12 months, then today's returns remain amply justified.

He does not believe rental growth rates will fall any further and, in pointing to a better performance ahead, emphasises that previous periods in which rental increases have been insufficient to justify yields have been rare and short-lived. At the same time, however, he feels initial yields have touched bottom, with uncertainty over rental growth ensuring that investors maintain some form of cushion underneath them.

Empty floorspace goes on rising

THE AUGUST industrial floorspace picture from King and Co highlights an alarming correlation between the level of unemployed—doubled from 1.11m since December 1979—and space available, which has risen by 156 per cent in the same period, to 137.57m sq ft.

Within a total rise of 17.65 per cent since mid-April, factory space has jumped by 25.6 per cent, or 18.4m sq ft to 90.5m sq ft, although warehouse space is only up by 4.9 per cent (2.2m sq ft) to 47m sq ft. One ray of hope in the May survey was that the rate of increase in available space had actually declined after some fairly alarming rises. This time, however, the rate has taken another upwards turn, though not of 1980 proportions.

Douglas King, senior partner of King and Co, recalls that after the last recession in 1974-1975, when space peaked at a comparatively modest 84.9m sq ft, unemployment was a little more than half the August 1981 level and the figure for buildings under construction was as low as 4.11m sq ft.

The firm softens its analysis with an observation: "There is on the market a considerable percentage of factories over ten years old which represent some 66 per cent of the total floorspace. Much of this space is old and obsolescent."

King takes the view (expanded in a letter to the Editor of the Financial Times on Page 21) that, far from trying to sell an overburden of buildings with unacceptable fire risks, poor site layout, loading and parking facilities, "an acceptable incentive" should be found to secure their demolition.

Of the 18.4m sq ft rise in available factory space since last April, King doubts that any more than 8m could have come as the result of new building. "It might seem logical to occupy the old and not build new," says King, "but that would be a death blow to industry."

CIN lets in Glasgow

ARTHUR YOUNG McLelland Moores, the international chartered accountants, will be the first tenants of George House, the £6m Glasgow office scheme developed by CIN Properties. A rental of £300,000 a year will be paid for just over 52,000 sq ft of floorspace, held on a 25 year lease from the district council with a further 25 year option.

● Hill Samuel Life Property Fund has let Buckleys Building in Dale Street, Liverpool, to National Giro Bank, who will be establishing one of their recently announced regional centres. Hill Samuel recently refurbished the 33,000 sq ft building and the 23,000 sq ft of office space has been let at a rent of about £5 a sq ft. Edward Erdman acted for National Giro.

● In our recent survey to mark the centenary of the Royal Institution of Chartered Surveyors we stated that Debenham Tewson and Chinnocks were the letting and managing agents for the Yateem Centre, Bahrain Commercial Complex and the Manama Centre, all in Bahrain. Cluttons point out that they are the sole leasing and managing agents for the three properties.

● Edwards Bigwood and Bewlay, together with overseas partners Colliers International, have opened an office in Washington DC.

Westminster Property ends Portugal problem

THE REHABILITATION of Westminster Property continues with the sale this week of its Cerro Grande subsidiary's building in Lisbon to the Portuguese government for 213m Escudos (around £1¾m).

There are, however, painful side effects. Westminster has taken a balance sheet loss of about £375,000 on the transaction—which means a reduction in net assets per share to around 27p from the 28.72p calculated on its acquisition of £4m-worth of properties from one of its shareholders, Graylaw Properties, in April.

Moreover, there is little benefit to Westminster's profit and loss account, since the group has been capitalising interest on the Lisbon development, and the net sale proceeds "have been used to repay belated borrowings of approximately the same amount."

But Westminster stayed at a premium in the stock market with the shares unchanged on the news at 32½p, against a placing price of 27p or so when its stockbrokers, Williams de Broe Hill sold 5.15m of new shares in connection with the Graylaw deal five months ago.

This partly reflects the group's conviction that its remaining investment in Portugal—a 30-acre site at Albufeira in the Algarve—will cover the deficiencies on balance-sheet and profit and loss accounts with a surplus on valuation at the end of this month.

Partly, too, says Westminster chairman Mr Patrick Ravenhill, the market is paying for the development value of the group's UK properties.

Notably there is a 2 acre site being developed at Wealdstone, Middlesex (supermarket, shops and office accommodation) which in April had an existing capital value of £¾m and an estimated completion cost of £4.05m. There is an estimated capital value when completed and let—in around two years time—of £6.275m.

The group has smaller projects in Maple Street, London W1, Crawley in Sussex (from its original portfolio) and is also planning a second phase of the Airport Industrial Estate at Dyce West, Aberdeen.

Maple Street alone, which will cost between £1½m and £2m to complete, could produce about £½m of profit for the company.

But stock markets do not put shares, especially property shares, at a premium to their inherent value on the basis of known, or calculable events. The premium exists on the basis of the incalculable, or what has been described as the "hope factor."

Given that Ravenhill does not see a further injection of properties from Graylaw, the hope is that it will find another way to use the premium on its equity.

William Cochrane

Grosvenor Estate tries again

THE GROSVENOR Estate has submitted to Westminster City Council revised proposals for the restoration and partial redevelopment of the St George's Hospital complex at London's Hyde Park Corner.

Original plans to transform the now vacant St George's buildings into a promotional-exhibition centre and to build an adjoining office block in Grosvenor Crescent were earlier this year sent back by Westminster. The council took exception to the scale of the new office building, the absence of architectural detail and the proposed demolition of several mews houses.

Now, after talks with council planning officers and amenity groups, Grosvenor Estate has presented a modified scheme which it hopes will gain approval. The restoration of the 100,000 sq ft William Wilkins hospital building at a cost of £8m, to be occupied by the Location of Industry Bureau, remains the central theme but plans for the new office scheme—the financial key to the project—have been scaled down.

The proposal for 200,000 sq ft of new office floorspace has now been reduced to 135,000 sq ft and the building will be reduced in height.

The proposals may yet, however, have a few more hurdles to leap before development begins. Approval by Westminster will be followed by detailed appraisal down at County Hall and Greater London Council's attitude towards new office development is by now rather well known.

The thought of Ed Gouge, GLC planning committee chairman, and Gerald Grosvenor, sixth Duke of Westminster and London's largest private landlord, finding common ground on anything is an intriguing one.

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TECHNOLOGY

EDITED BY ALAN CANE

How the French fund basic research

BY DAVID FISHLOCK, SCIENCE EDITOR

From his riverside office near the Quai d'Orsay, Professor Charles Thibault is wrestling with a problem research managers the world over would be happy to share. He must decide how to spend an increase in his research budget that could be as high as one-third next year.

Professor Thibault, one of France's most highly respected scientists, is president of the Centre National de la Researche Scientifique (CNRS), an agency of central government which employs 8,900 researchers in 1,100 different laboratories throughout France.

It is France's main agency for supporting basic scientific research, embracing the activities of all five UK research councils. The CNRS will spend about £350m this year, an increase of about 20 per cent on last year.

Mitterrand priority

Next year it could exceed £460m. Under the new Mitterrand Socialist Government science is to take higher priority. The government's aim is that the French research budget—now 1.8 per cent of GNP—should reach 2.5 per cent by 1985.

The previous government was *aiming for only 2.3 per cent.* The National Assembly is expected to debate the French research budget early in 1982.

To support this new target M Mitterrand has accorded an unusually high ranking in his Cabinet to M Jean-Pierre Chevènement, as Minister of State for research and technology. M Chevènement in turn is creating his own "cabinet" of top French research directors, meeting monthly, to thrash out problems in strengthening science in France.

The kind of question his cabinet will tackle is whether France can maintain a high percentage of "basic" or untargeted research, or whether it will be more efficient to define targets.

Professor Thibault makes no attempt to underplay the problem. France should have a presence in every significant area of science, he says. Today it is weak—relative to the international pacesetters—in too many areas.

A biologist himself, he cites microbiology, nutrition and ecology (the science, that is, not the political activity, for which M Chevènement himself expresses a strong distaste) as areas in which France falls below international standards.

M Chevènement has already promised that he will find the cash for a big drive in biotechnology, the industrial application of microbiology. He has promised about £10m a year of new money—equivalent to *half the present CNRS budget for the life sciences*—for this new venture.

Prof Thibault believes it will allow CNRS to assemble nationwide, a team of about 500 researchers. New "genetic engineering" laboratories are already being planned, among them a joint venture between CNRS and the Commissariat á l'Energie Atomique (CEA) at Cadarache, its biggest nuclear research centre, near Aix en Provence.

Even so, Prof Thibault expects to have to recruit overseas quickly in his drive to raise the standard of some French science. A senior aide, Dr Jean Gavoret, has been making a special study for him of the way research is being funded and managed in other highly developed countries.

With the exception of Belgium, rejoicing in its first real increase in research funding for 15 years most of France's industrial rivals are facing severe cuts in their research budgets.

Professor Thibault makes no secret of his admiration for British science—"probably the most efficient in the world." He believes that the traditional tea-break discussion, with its opportunity for exchanging findings and problems, is one of Britain's secret weapons.

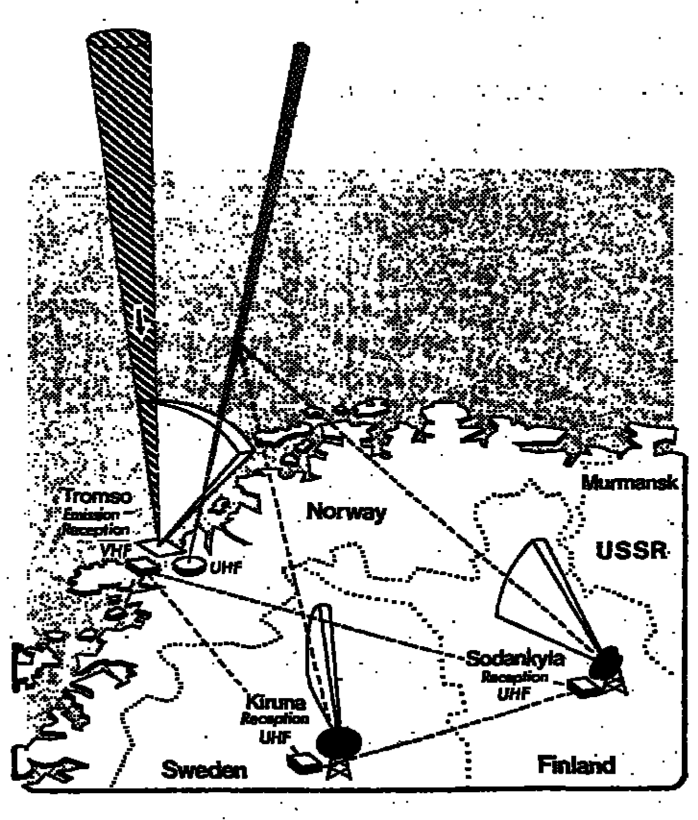
British scientists already run some of the CNRS laboratories. He expects to recruit more overseas scientists in areas where French science is weak.

But he has no doubt that the high-fragmented CNRS system is a more efficient way of organising and managing science than Britain's great agglomerations, the national laboratories. The largest of his laboratories employs only about 150. "We're sticking to 'small is beautiful' in CNRS."

For bigger ventures needing heavy capital investment, in physics particularly, he looks to multi-national ventures. The latest of these, EISCAT (European Incoherent Scatter Association), was inaugurated this week by the King of Sweden.

CNRS represents France in a club of six nations—Britain, West Germany, Sweden Norway, Finland—which is building a dedicated radar network in Scandinavia to study the upper atmosphere.

The accompanying sketch shows EISCAT's two powerful transmitters near Tromsö in Norway and three large receivers at Kirune, Sodankylä and Tromsö. The launching cost of the project is about £13m, of which France, West Germany and the UK are funding 25 per cent apiece.



Programme

The CNRS research programme is managed by an executive director, advised by a "scientific parliament" representing 41 disciplines, from mathematics through medicine to the humanities. Each discipline is represented by 23 scientists who meet at head office in Paris once or twice a year to review the progress of both the research and the individual researchers.

As president of CNRS, Professor Thibault is responsible for "quality assurance." The 41 committees grade their laboratories A (international level), B (good) or C (having problems). A "C" rating threatens that it may not have its CNRS contract renewed. This can be a serious threat to survival for, although many CNRS laboratories are in universities, French universities are much less autonomous, much more dependent on central government for research, than is so in Britain.

But within a laboratory rated "C" the committee may find groups of greater merit. Professor Thibault may continue to support these specific groups, leaving the university to determine the fate of the rest of the laboratoty.

The 41 committees also assess the performance of individual scientists. Again, poor performance will bring a warning letter from headquarters. Professor Thibault reckons that, in the physical and biological sciences, bad scientists are normally flushed out within two or three years.

Where "quality assurance" becomes more difficult is when scientists are trying to open up new disciplines. Professor Thibault has been trying to encourage young scientists to be more venturesome, by offering three- or four-year contracts, with no strings attached, to those with ideas for exploring completely new areas.

The signs are that CNRS may be able to offer this kind of "free thinking" contract to as many as 100-120 scientists a year.

Does he trust the French politicians to sustain their enthusiasm for science, bearing in mind Britain's brief flirtation with the white heat of technological revolution in the 1960s?

All the signs are that French science is riding a wave of rising popularity with the people, Professor Thibault says. "Even if it lasts only for two years it will be a real advantage."

Speed clamps for offshore rigs

RAPID-ACTION friction clamps designed to speed the erection and dismantling of access scaffolding used for fabricating and servicing oil and gas platform jackets have been developed by GKN Mills Offshore Services.

Each clamp comprises a galvanised steel saddle of channel section shaped to the required radius and two upright tube sections to which the scaffolding is coupled. The girth is a galvanised chain which is tensioned by tightening a captive bolt and the entire clamp is applied to the tubular structure of a jacket.

The clamp was invented primarily in response to the need for the quick removal of offshore scaffolding when severe weather was imminent. In the North Sea the average advance warning of a storm is about four hours and any scaffolding still in place when the waves strike could be washed away.

With the new clamp the locking chains can be released quickly and the complete scaffolding structure removed and later replaced without dismantling. Even suspended scaffolds can be moved with only minimal dismantling, says GKN Mills.

The clamps have been in use on four North Sea oil platforms since April and are now available for sale or hire in four pipe diameters: 508mm, 610mm, 762mm and 914mm. They can also be manufactured to customer's specifications. More from 01-567 3083.

Hovertrain floats in miniature

A DEVELOPMENT of the hovercraft principle for urban passenger transport, named Pendair, will be exhibited in model form at the Design Centre, Haymarket, London, from September 10 until October 1.

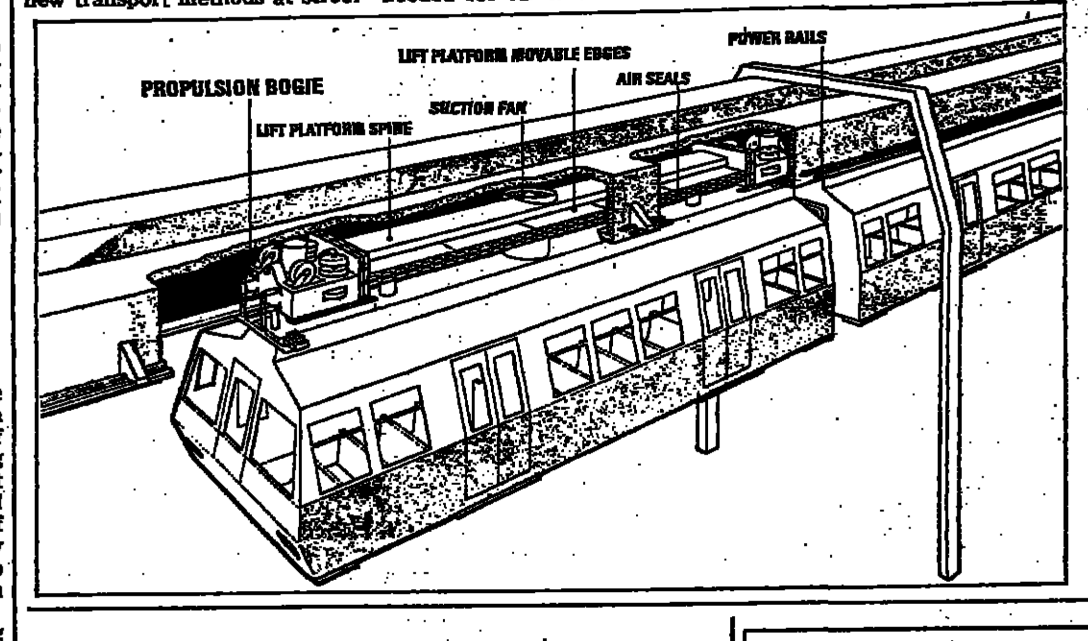
Designed by Mr Denys Bliss, inventor of the widely-used segmented air skirt for marine hovercraft, Pendair is an elevated system for expanding or congested urban areas where there is not enough space for new transport methods at street level and where an underground railway would be too costly.

It is claimed to be the only system now under development to use vacuum suspension. An electrically-driven fan creates a partial vacuum within the hollow concrete track beam overhead so that the suspended vehicle "hovers" and does not require rails.

This should markedly reduce maintenance costs, and since the track beam is smaller than that needed for an elevated railway it is less costly to instal and less of an eyesore.

Electrically-powered bogies with rubber-tyred wheels at each end of the vehicle provide traction and guidance around curves.

If the vehicle should have to stop between stations it is supported by bogie-mounted skids which then rest on flanges on the lower edge of the track walls. In the event of a breakdown of the vacuum system the skids will act as a "fail safe" device.



Instron for testing new steels

AS PART of a long-term programme for testing special steels developed for power generation equipment the Central Electricity Research Laboratories at Leatherhead, Surrey, are using an Instron 1362 electro-mechanical testing machine.

The 1362 is currently being used to stimulate and measure the effect of hydrogen on crack growth in a hydrogen-cooled generator, particular attention being given to the steel end rings used to retain the end windings on a rotor. Since they are exposed to high-pressure hydrogen gas, it is theoretically possible that these highly stressed components could crack.

Pre-cracked pieces of austenitic steel are tested in special chambers containing hydrogen at about 60 psi. The specimens are then subjected to cyclic loads at frequencies related to those likely to occur during generator start-stop cycles. During each test the crack length is measured to determine what effect the hydrogen has on its rate of growth.

Loads up to five tonnes are applied to produce stress in the test specimens. This is far in excess of anything likely to occur under normal operating conditions. The Instron machine is claimed to be capable of reproducing the load conditions experienced in service to a high degree of accuracy, particularly where slow loading rates are involved.

General Mining Union Corporation Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 1981

The following are the unaudited financial results of the Corporation and its subsidiaries for the six months ended 30 June 1981.

	Six months ended 30 June		Year ended 31 December
	1981	1980	1980
	Rm	Rm	Rm
Group income before taxation	218.4	182.6	406.5
Taxation	33.3	31.4	71.8
Group income after taxation	185.1	151.2	334.7
Income attributable to			
—outside shareholders and 6% preference shareholders	37.3	25.0	65.0
—ordinary shareholders	147.8	126.2	269.7
Number of ordinary shares upon which earnings per share is based	79.8 million	78.3 million	78.6 million
Earnings per ordinary share	185 cents	161 cents	343 cents
Dividends per ordinary share—interim	55 cents	50 cents	50 cents
—final			100 cents
Net asset value per ordinary share	2,719 cents	2,649 cents	3,035 cents

COMMENT

1. It should be noted that:
   (a) Investment income does not accrue evenly throughout the year.
   (b) The realisation of investments fluctuates in accordance with policy decisions and market conditions.
   (c) Certain costs, particularly those incurred on prospecting, vary materially from time to time.
   (d) Provisions against investments are considered at the year-end.
   In the absence of unforeseen circumstances, it is expected that the level of earnings per share for the six months to 30 June 1981 will again be achieved in the second six months of the year.
2. Earnings per ordinary share improved by 15% compared with the corresponding six months of 1980. For a better appreciation of the results of the period under review the income attributable to ordinary shareholders is summarised below.

	Six months ended 30 June				Year ended 31 December	
	1981		1980		1980	
	Rm	%	Rm	%	Rm	%
Gold and uranium	54.4	34.4	49.1	40.5	105.7	37.4
Platinum	10.9	6.9	10.6	8.7	28.7	10.1
Coal	11.1	7.0	7.0	5.8	13.1	4.6
Minerals and beneficiation	5.2	3.3	5.6	4.6	11.3	4.0
Commerce and industry	56.6	35.8	32.3	26.7	79.5	28.1
Finance and other	19.9	12.6	16.5	13.7	44.8	15.8
	158.1	100.0	121.1	100.0	283.1	100.0
Surplus on realisation of investments after provisions	—		+11.4		+0.5	
Exploration costs	−10.3		−6.3		−13.9	
Income attributable	147.8		126.2		269.7	
Earnings per share	185 cents		161 cents		343 cents	

3. Investments

	Six months ended 30 June		Year ended 31 December
	1981	1980	1980
	Rm	Rm	Rm
Listed—book value	340.4	269.4	298.1
—market value	(1,372.6)	(1,558.2)	(1,685.0)
Unlisted—book value	125.6	84.7	91.2
—valuation	(243.7)	(131.4)	(223.0)
Excess over book value	1,150.3	1,335.5	1,518.7

4. The asset value per share of 2,719 cents at 30 June 1981 decreased by 10% since the year-end mainly as a result of the decline in the market value of listed investments from R1,685m to R1,373m. The distribution of the net assets by sector is summarised as follows:

	Six months ended 30 June				Year ended 31 December	
	1981		1980		1980	
	Rm	%	Rm	%	Rm	%
Gold and uranium	630	29.1	886	42.1	872	36.0
Platinum	243	11.2	236	11.2	275	11.4
Coal	298	13.8	193	9.2	283	11.7
Minerals and beneficiation	166	7.6	118	5.6	106	4.4
Commerce and industry	671	30.9	409	19.4	639	26.4
Finance and other	161	7.4	263	12.5	246	10.1
	2,169	100.0	2,105	100.0	2,421	100.0

INTERIM DIVIDEND

Amount per share	55 cents
Declaration of Dividend	3 September 1981
Last day to register	18 September 1981
Register of members to close	19 September to 2 October 1981
Currency conversion date	5 October 1981
Payable on	16 October 1981

On behalf of the Board

W. J. DE VILLIERS
E. PAVITT } Directors

Johannesburg
3 September 1981

London Office:
30 Ely Place
London EC1N 6UA

London Transfer Secretaries:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Copies of the full interim report will be posted to shareholders and will be obtainable from the London office as from 15 September 1981

The Sungei Besi Mines Malaysia Berhad

(Incorporated in Malaysia)

Extracts from the Statement by the Chairman, Y.M. Raja Badrol Ahmad, for the year ended 31st March, 1981

Performance during the year

In my forecast which I gave as part of my statement last year I expressed that total production and mining profit for this year was expected to be substantially lower than that for 1980. As envisaged the total output for the year under review at 1,368,010 kilogrammes (22,620 piculs) of tin concentrate is approximately 32% lower than that of the previous year. This is attributed to the generally reduced scale of operations at Hong Fatt and the northern section of No. 3/5 Opencast because of difficulties encountered whilst working the restricted area at pit bottom.

Mining profit dropped sharply by 58.2% from $20.579 million in the previous financial year to $8.604 million for the year just ended. This substantial reduction in mining profit has been largely due to the lower production achieved during the year and to the lower average tin price received.

Profit before taxation for the year was $11.671 million. An amount of $4.887 million has been set aside for taxation leaving a balance of $6.784 million available for distribution.

Dividend

An interim dividend of 155 sen per share gross was paid on 16th January 1981 and a final dividend of 155 sen per share, less Malaysian tax at 40%, is now recommended, making a total of 186 sen net per share for the year which absorbs $6,348,000 and leaves the amount carried forward at $436,000. Subject to members' approval the final dividend will be paid on 29th September 1981 to all members whose names appear on the Company's registers as at the close of business on 11th September 1981.

Projections for the current year

At Hong Fatt section, mining operations on a reduced scale is expected to continue during the first half of the year until the pit floor reaches RL-128 metre. I wish to reiterate what I have mentioned last year that operations at this depth is particularly difficult and technical difficulties are likely to preclude further mining below this level.

Mining operations at the northern section of No. 3/5 Opencast are expected to be completed during the year when ore reserves are exhausted.

Development work will be carried out to start up several smaller new units during the year. However, initial output from the operations of these units are not expected to contribute very significantly to the total mine production.

In view of the foregoing it is envisaged that production would be substantially lower in 1982 than that achieved during the year just ended.

Developments during the year

Under the cost plus approach for calculating export duty first introduced in the 1980 National budget, a threshold price was fixed and export duty was applicable when tin prices exceeded $19.84 per kilogramme ($1,200 per picul). With effect from 15th December 1980 this threshold price was revised to $23.15 per kilogramme ($1,400 per picul) and this higher base has reduced the total export duty payable by your Company. It is hoped that the Government will keep the threshold price under constant review in the light of increasing production costs.

The Fifth International Tin Agreement was extended by one year to 30th June 1982 to enable producing and consuming countries to try to resolve the terms of a Sixth Agreement. In June this year after fourteen weeks of negotiation spread over fifteen months, the longest in the 25-year history of Tin Agreements, the final terms for the Sixth International Tin Agreement were finally adopted at the Geneva Tin Conference. Inter-alia the terms of the new agreement provide for a buffer stock of 50,000 tonnes to be jointly and equally financed by producing and consuming countries and export controls to stabilise the world tin prices at certain levels. The Agreement is opened for ratification until 30th April 1982 and will come into force provisionally when countries representing at least 65% of the votes on each side have ratified or have declared their intention to ratify or accede to the agreement and definitively when countries representing at least 80% of the votes on each side have ratified. Whether or not the agreement will come into force either provisionally or definitively remain to be seen but it is hoped that there will be no delay taking into consideration that the provisions in the agreement represent a careful balance between the interest of producers and consumers.

Outlook

I am happy to report that approvals have recently been obtained from the relevant authorities for commencement of prospecting work over the strip of land covering the road and railway reserves which I mentioned last year.

Efforts by your directors to search for and identify other investment opportunities are still continuing and members will be advised if and when negotiations are completed.

17th August 1981

Copies of the Report and Accounts and Chairman's statement can be obtained from the Registrars, Pernas Charter Management Sdn. Berhad, P.O. Box 936, Kuala Lumpur 01-02, Malaysia, or the United Kingdom registrars' office at Charter House, Park Street, Ashford, Kent TN24 8EQ, and 40 Holborn Viaduct, London EC1P 1AJ.

Kamunting Tin Dredging (M) Berhad

(Incorporated in Malaysia)

Extracts from the Statement by the Chairman, Y. M. Raja Zainal Abidin bin Raja Haji Ahmad for the year ended 31st March 1981

Past year's performance

As has been advised to members the No. 5 dredge was temporarily shutdown from 20th June 1980 on the exhaustion of ore reserves and pending the issue of a mining title over an adjacent area. Upon obtaining approval, the dredge resumed operations in the new area, which comprises single tailings mostly, on 18th December 1980 after being shutdown for approximately six months. During the six months operations, the dredge operated under difficult dredging conditions and in low grade ground. This has resulted in a substantially reduced production of 62,540 kilogrammes (1,034 piculs) compared with the preceding year's output of 430,680 kilogrammes (7,121 piculs).

The average net price obtained from the sales of tin concentrates improved from $17.53 per kilogramme ($1,060 per picul) to $19.56 per kilogramme ($1,183 per picul) for the year under review. However, the six months shutdown expenditure and the substantial decline in production coupled with the inflationary increase in operating costs, largely due to a rise of approximately 50% in the cost of power, resulted in a mining loss of $1,306,329. The income from rental of No. 6 dredge and interest helped to more than offset the loss resulting in a profit before taxation of $575,760 compared with $4,210,085 in the previous year. As a result of the amendments to the Malaysian Income Tax Act in December 1980, an estimated tax credit of $280,827 is available to the Company and this has increased the profit after taxation to $856,587.

Dividend

An interim dividend of 10 sen per share, less tax at 40%, was paid on 22nd January 1981. A final dividend of 17.5 sen per share, less tax at 40%, for the year ended 31st March 1981 has been recommended by your directors. Subject to members' approval at the annual general meeting to be held on 28th September 1981 the final dividend will be paid on 30th September 1981 and will bring the total dividend for the year to 27.5 sen per share, less tax at 40%.

Developments during the year

Under the cost-plus approach for calculating export duty first introduced in the 1980 National budget, a threshold price was fixed and export duty was applicable when tin prices exceeded $19.84 per kilogramme ($1,200 per picul). With effect from 15th December 1980 this threshold price was revised to $23.15 per kilogramme ($1,400 per picul) and this higher base has reduced the total export duty payable by your Company. It is hoped that the Government will keep the threshold price under constant review in the light of increasing production costs.

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No. 6 Dredge

The above dredge was leased to Timah Matang Sendirian Berhad (TM) as from 1st November 1979. Timah Matang have expressed its intention to purchase the dredge and your board are considering the offer. Members will be advised as soon as the terms and conditions have been agreed and an extraordinary general meeting will be convened to approve the sale.

Projections for the current year

The No. 5 dredge will continue to work the single tailings in the new area. Although production for the current year is expected to improve upon that of the previous year, the present circumstances of declining tin prices and rising operating costs will adversely affect your Company's earnings.

The current mining lease is expected to contain sufficient reserves to continue dredging operations until the end of 1982. In spite of continued efforts to discover new areas of mining potential, your board have been unable to identify any new mining opportunities in which the Company could participate in order to continue its operations after the exhaustion of the current reserves. Consequently your board are looking into other investment opportunities with a view to diversify the future activities of the Company.

17th August 1981

Copies of the Report and Accounts and Chairman's statement can be obtained from the Registrars, Pernas Charter Management Sdn. Berhad, P.O. Box 936, Kuala Lumpur 01-02, Malaysia, or the United Kingdom registrars' office at Charter House, Park Street, Ashford, Kent TN24 8EQ, or 40 Holborn Viaduct, London EC1P 1AJ.

FINANCIAL TIMES SURVEY

Friday September 4 1981

Vehicle Rental

The intense competition between companies is putting a great strain on margins, in a market that is in considerable disarray. British companies have fought off American dominance but are also fighting their own battles, against high fuel and capital costs and interest rates which push up the tariffs.

A Rolls-Royce and driver, one of the specialist services offered to hirers. In the main section of the market, for less opulent cars, the rental companies have extremely conservative fleet purchase policies to keep servicing and resale costs within bounds

Hirer's market as costs rise

By Arthur Sandles

THERE WAS a time when vehicle rental, and particularly car rental, seemed simply a matter of a strong sales pitch, a big smile, and a quick walk to the bank. Over the past couple of years, however, renters and contract hirers have started to look beyond the deep carpet and the freshly laundered uniforms into the small print. Marketing may still be the single most important skill a rental company must acquire, but they have all now discovered that margins are what count at the end of the day.

As far as the consumer is concerned this continues to be very good news. As the rental companies increasingly have to aim their pitch at corporate accountants as much as the executive who is using the vehicle, so the offers become more tempting.

The situation was neatly summed up in the Norton Simon group's review of 1980. Of its subsidiary Avis it said: "Revenues were at record levels. However, significantly higher interest costs and our inability to increase prices sufficiently to recover higher costs resulted in operating profits slightly lower than in the prior year." And that is putting it nicely.

Thus, as far as the vehicle renters are concerned, the situation, in some areas more than others, is near desperate. It is a simple case of too many vehicles, too small margins and too alert customers.

Assess

To understand vehicle rental is to realise that the companies involved are in a series of businesses rather than just the straight-forward activity of taking cash for a rental agreement. Every company must make an assessment of likely needs, bearing in mind that the investment in a fleet, be it of Mini Metro's or the largest of earth movers, can be huge. It must then maximise the usage of the vehicles—keeping off-road maintenance time to a minimum and ensuring that rates do not get too far out of line with the competition. And, finally, it must eventually sell the vehicles at the very best price.

Clearly in that sort of formula the meetings that decide on fleet make-up are among the most crucial of the year. A fleet which is over-large and which includes vehicles that have recurrent servicing problems and then a poor resale value, is in deep trouble, even if its public image is a good one.

It is partly for that reason that the rental companies tend to be extremely conservative in their fleet purchase policies. Many of them do pander to that sector of the consumer market which likes to try something new—and in all areas of rental the renter is at times simply giving an extensive test to a car that might later be purchased. However, this is a small sector of the business.

It is going to be interesting, for example, to see how many Metros are ordered by car rental groups for the second year since an appreciable slice of the first year's purchases may have been for this "novelty" market.

The car rental market worldwide is in a state of fascinating disarray at the moment, with the winners and losers probably not those that any industry observer would have predicted a decade ago.

Britain is a fairly typical example of what is going on, with local companies beating off the formerly unstoppable American giants. Anyone who had been out of the UK for 10 years might be forgiven for astonishment at discovering that the real battle for market leadership was not between Hertz and Avis, but between Swan National and Godfrey Davis/Europcar. The American majors have taken something of a bruising over the past few years and have lost something of the go-go image that they once had.

Even in the U.S. the big two, and particularly the much battered Avis, are finding the battle against National and Budget something of an uphill struggle. There is little doubt that the sudden swing to no-frills rental by consumers has soured the fertile ground on which the giants first took root.

That fertile ground was an environment in which convenience took a higher priority than cost, and in which the car rental element of any business or leisure trip was relatively minor. In the case of other vehicles and specialist equipment the arguments were much the same—"if it's the best way of doing it let's do it, we'll settle the bill later" was a fairly general view.

Since then the capital costs of vehicles has risen dramatically and this along with high interest rates has forced rental organisations to edge rates upwards, albeit at a slower rate than they would like to. At the same time fuel prices have made the cost of running a vehicle, hired or not, high.

In Britain, at least, it is the local companies which seem to have gripped the problems with greater success, and thus the fascination of the deepening war between market leaders Godfrey Davis / Europcar (Renault owned) and Swan National (ultimate parent the Trustee Savings Bank via United Dominions Trust).

It is extremely difficult to put a size on any of these companies. One may lead in terms of the largest fleet in peak season, another may have the largest year round fleet, yet another may have the highest turnover and it may be that the most satisfactory yardstick is the biggest profit. In peak car fleet terms, however the house name companies probably range in size from around 5,000 to approaching 9,000 vehicles.

Snapping at these now mighty heels is another lively local, Kennings.

There is no doubt that both Swan and GDE are determined to rule the roost unchallenged in two years' time, for both are taking extremely aggressive market stances. There is, however, an unnerving similarity about such projections today, and the confidence that supports them, with those that were being made by cock-a-hoop Avis in the years immediately before the first oil crisis.

Obviously the best place to be as far as car rental is concerned for the next few months is at the sidelines as an observer or behind the wheel as a driver. The worst may be occupying a seat in a rental company's boardroom.

CONTENTS

Trend is changing to shorter periods and smaller cars

Cars for business

ARTHUR SANDLES

NO ONE would say that the business sector of car rental and contract hire has been a joyous field for its competing companies, but at least it has proved a little more secure than other similar sectors of activity. The business community has continued to rent cars but has, to some extent, changed its habits.

There is a tendency to aim for smaller, more fuel efficient models except when the status of the car is, in itself, part of the sales pitch. There is also a trend towards shorter rentals, as companies urge their executives to rent as and when they need a vehicle rather than have one parked, and eating cash, between trips even in a one-week stay in a city.

The car rental groups reckon to have got their business customers' demands fairly accurately marked out. The business user above all wants a car when it is needed. Tell a business client there is a 12-hour wait for cars and you have lost a business client. The check in and check out procedure must be rapid — the latter often causes more problems than the former — and the price must be right.

In order to meet these apparently simple needs the companies fall over themselves with special arrangements. Avis, for example, is heavily marketing its Avis Express system which represents a substantial investment in computer technology. Similarly Hertz is proudly installing video-screened computer units and pushing its rapid No. One Club system. Swan National is making a particular bid for the large corporate account, and promising guaranteed cars without booking. It says: "We have transporters moving cars all over the place." Godfrey Davis is building rapidly upon its initial grass root strength in the business community with its now much enlarged international connections via Europcar.

The car rentals companies are not doing all this out of charity, of course. What they are eager to achieve is a nice smooth year-round enterprise, and the business market is more likely to give them that than the fickle holiday trade. What the companies try to buy above all is loyalty, and the greater that loyalty is then the larger will be the promises and the more generous the rates. A large company which promises a car rental group exclusively should be abe to win a quite sizeable package of attractive perks.

Naturally enough there is a difference between the domestic renter and the international renter, although the two markets tend to merge at the traditional car rental battleground, the airport. Traditionally it is the American-based giants who have dominated the international market and have also suffered in having to add the costs of that domination to their rental fees.

Now in London's prime Heathrow at least Hertz and Avis have had their duopoly destroyed, first by Godfrey Davis and, since the spring of this year, by Swan National. Swan has declared its intention of keeping its rates substantially below those of its competitors, but those very competitors are nodding their heads sagely and muttering "wait and see."

The argument, stoutly rejected by Swan, is that as the British company finds its major league feet it will also run into major league expenses. Desks at airports are not cheap —most airports run sealed-bid application schemes for a limited number of desks—but the big groups feel they have got to have airport presences in order to please the business traveller. The danger comes when companies are driven to take on airport locations which are not in themselves profitable but which are taken on simply because they look like a potentially useful link in the marketing chain.

Nonetheless airports are extremely useful funnels of business, and these funnels are seen as increasingly important, be they in the form of locations —and the signing up of British Rail's main stations by Godfrey Davis was an important plank in that company's growth—or corporate accounts.

The new aggressive attitude of companies generally to travel expenses has been both a hindrance and a help to car rental and contract hire groups. There are obvious attractions for example, in contract hire when it comes to being absolutely certain about cost levels over a fleet contract period. On the other hand companies are reluctant to take long-term financial decisions these days.

Most companies seem to have noticed a tendency for business users to rent for shorter periods. Domestic business travellers seem to be being encouraged to use the cheapest mix of transport commensurate with speed —say train and car rental— rather than one form. Notably the use of personal cars for business trips is not as popular with companies as once it was, the normal mileage repayment rates for employees having reached such high levels.

No wonder therefore that Avis was delighted to have won the Fly Drive contract for British Airways business recently.

All in all it seems that the battle between the majors will worsen rather than ease over the next year or so, and so the bidding for contracts such as the BA one, and airport locations, is likely to become more frenetic. The message to the business community, and not necessarily one that the car rental companies will like, is to take competitive bids before entering into what at first might seem a temptingly packaged offer.

Just now car rental is currently moving from its normally lucrative summer period into the somewhat leaner winter months. The trouble for it is that the summer was leaner than some past winters. It is the time, therefore, for hard bargains. Whoever wishes to be king of this particular sector of commercial activity is going to have to waste quite a lot of blood and tears.

A range of cars in the Swan National fleet. Swan National and Godfrey Davis/European are presently battling for market leadership

Simplicity of operation is offset by limited seasonal demand

Cars for leisure

ARTHUR SANDLES

LEISURE traffic presents the major car rental companies with some of their most intriguing problems. It is a field in which the custom is probably unsophisticated, and thus certainly not interested in the magical performance of computerised bookings and rent-it-here, drop-it-there systems, and where the competition is highly fragmented—local car rental organisations whose very participation in the business may be seasonal and whose pricing is flexible. At the same time the rental companies find themselves in constant corporate competition to win fly-drive deals with airlines and tour operators, organisations which themselves are eager to squeeze margins and take a little more money.

The great attraction of leisure rental for the companies concerned is its relative simplicity. A holiday renter normally takes a car for a lengthy period of time, and more often than not returns the vehicle to its original location. However, the great disadvantage is that it peaks seriously. A resort area can easily have a desperate shortage of cars one week and a glut the week after, once the major holiday season is over.

Most companies prefer to lessen the risk to some degree by doing deals with a major intermediary which will at least put some degree of predictability into the business. For the consumer this quite often means that it is better to buy a fly-drive ticket than to buy a flight and rent a vehicle as two separate operations. It certainly usually pays to include car rental in your total overseas tour package rather than to wait until reaching the local resort rental desks.

Although many of the major groups do have particularly attractive rates for weekend hire (a desperately difficult time for rental companies in business cities) and rentals of a week or more, they still find it difficult to compete with smaller companies in terms of rates.

Without the need for a large central administration unit, and freed from the problems of a rent-it-here, leave-it-there computer system, the local garage around the corner is able to play a very competitive game. Often these "small" local companies in fact have substantial fleets, in some cases running into hundreds of cars, and are certainly not the fly-by-night operations which the majors tend to dismiss anyone who is not of their number as being.

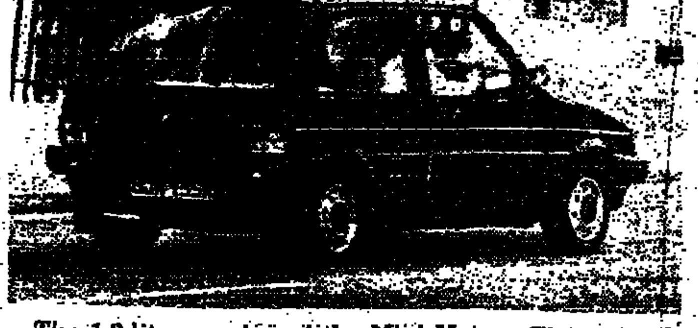
It is true, however, that many of these small- to medium-sized companies are now finding life heavy going. Although they can make hay while the summer sun shines, they have difficulties in the off-season, particularly now that the second-hand market is not so lively and the disposal of used vehicles less simple and less profitable than once was the case.

Because of the nature of the market the majors have increasingly turned their attention to trade promotion rather than public advertising as far as the leisure market is concerned. Europcar started a commissions war a little while ago, in offering travel agents a bigger slice of the bookings sum than had previously been the case.

It was a battle that was swiftly joined by the rivals and now, such is the complexity of the commissions system, with all manner of bulk over-rides and other incentives on offer, that to discuss actual figures is extremely difficult—but commissions of above 20 per cent are not unusual.

Your travel agent will even pick up a commission if he only convinces you to use one particular rental company and hands you the voucher—even if you do not know when precisely you want the car or for how long.

Again the idea is to create a funnel of business which is a reliable source.



The 1.3-litre version of the Mini Metro. The Metro was a popular choice for car rental companies last year, partly for its novelty value

Fall in demand intensifies price war

Trucks and vans

DAVID CHURHCHILL

THE VAN and truck rental business has been *badly hit over* the past 12 months by the *severity of the recession* and the industry shows little sign as yet of coming out of the slump.

Demand for truck and van rentals has basically fallen because, with the running down of manufacturers' stocks during the recession, there have been fewer goods to transport. In good times, van and truck rental companies usually do well because rental can take up the slack which in-house distribution systems cannot meet.

The market for van and truck rental is broadly split between two-thirds for the commercial user and one-third for the private hirer, who rents a van *for small house-moves.* Although three-ton trucks can be *driven* without a heavy goods vehicle licence, most private hirers would probably consider these too big to handle comfortably. The most commonly hired van is the 18 cwt Ford Transit or 22 cwt Sherpa but the market *extends down to small nine* cwt vans, mini-buses and converted vehicles, *as well as up to the* 35 cwt Ford Transit Luton which is often used for do-it-yourself house removal.

The commercial rental market in particular, has been most affected by the recession. Apart *from the fall* in demand as a result of fewer goods being *moved about, companies that* require new delivery vehicles can more easily buy them now than before the recession. Previously, lengthy waits for delivery of new vans and trucks enabled the rental companies to meet a short-term demand from companies.

The recession has also had the effect of making price competi*tion* between *the many* companies in the industry especially fierce. This position is intensified by the incursion of vehicle dealers into the rental market who are unable to sell their vehicles so they offer them for *hire at cheap rates.*

Such fierce price competition was a *characteristic* of the van and truck rental market in the *early 1970s.* In addition, there was a widespread belief among users that many rental operators were no better than cowboy companies, with the inevitable consequence that the reputation of all rental companies suffered. Hertz, for example, pulled out of the truck rental business in 1975 because of the rat-race created by some *operators willing to compromise* on standards. Last year, however, Hertz came back into the truck rental market with plans for a major expansion of its operations over the next few years.

The cowboy image of truck and van rental in the early 1970s did little to allay the traditional suspicions by companies that resorting to van or truck hire was inefficient and also evidence of bad scheduling by their transport departments.

But as fuel *prices* rose throughout the 1970s, and companies paid more attention to efficient distribution, so the realisation grew that van and truck rental could be a more efficient way of operating part of a company's distribution. *By* hiring extra vehicles at short notice *to cover peak flows* of distribution, companies could *often cut their permanent fleet* of vehicles by 10 per cent or more.

Truck rental also has other advantages. It can help out in emergencies if trucks break down, or it can be used for *experimental cargoes or trial pat*terns of delivery.

The emergence of truck and van rental as an accepted form of practice in the late 1970s also owed much to the greater professionalism of the transport manager within companies. Legislation has also required transport managers to hold certificates of professional competence and this new breed was generally distrustful of the cowboy operators.

Companies in that period also came to realise that fleet management was sometimes too *specialised a business for them.* Apart from the capital invest*ment involved in owning a fleet* of vehicles, companies also need the administrative skills to handle the buying, selling, taxation and licensing of vehicles, as well as having repair and maintenance staff and facilities. Rental offers smaller companies the chance to avoid these headaches and concentrate their efforts on running their business.

The van and truck rental market is largely fragmented, with a few national names sharing about a fifth of the market and the rest accounted for by small local operators.

One of the main specialist truck companies is Ryder Truck Rental, a subsidiary of the U.S. Ryder group, the largest commercial *contract hire* fleet operator in the world.

Ryder *says it can take on* all responsibilities of a company's *transport* while providing individual companies with their own vehicle scheduling. In addition Ryder will take on responsibilities for capital investment, purchase, maintenance, running costs, administration and handling of government inspection tests.

Ryder operates two major depots in London and Manchester and four district offices. It has a fleet of 2,000 vehicles, 70 per cent of which are on contract. Other leading van and truck rental operators include Hertz, Avis and Swan National.

Swan National gives hirers a daily quota of 153 free miles and John Leigh, the company's rentals director, claims that "Swan National is one of the *few* companies to offer such a generous daily mileage allowance." But he *acknowledges* that "competition remains *fierce in the market place.*" He adds that "van rentals reflect the economy and will only improve when the economy improves."

However, Swan National and some other operators see a steady growth in the private hiring of trucks and vans for use in house or office moving, or to bring furniture from an auction or store.

A 7½-tonne Bedford TL truck. The truck rental market has fallen with the decline of goods transported during the recession

The Roadtrain 16.28 and trailer from Leyland Vehicles Ltd. The slump has been reflected by the fall in the number of new trailers sold, from under 19,000 in 1979, to 12,000 in 1980 and an expected 5,000 in 1981

Greater resilience in a specialised market

Trailers

LYNTON McLAIN

THE TRAILER rental market is a part of the wider, enormously competitive road freight transport industry and the downturn in demand for transport services over the past 18 months has left few trailer rental companies unaffected.

The 46,000 companies which make up the road haulage contracting industry have suffered a decline of as much as a quarter in the volume of their business, according to the Road Haulage Association.

In contrast, the trailer rental market is dominated by approximaely 50 companies, with up to 0 of these companies offer*ing services* over *most of* the country. There are no signs *that the downturn in general* haulage contracting has been felt to quite the same severe extent in the rental market.

The trailer rental market is, by definition, more specialised than the general haulage contracting market and it has charateristics which insulate it rather more from the effects of the slump than is possible in the general haulage market.

Trailers are relatively inexpensive compared with the powered tractor units which pull them along the road. Trailers are also simpler in design and *maintenance* and so present few of the problems of *high overheads which* are common with tractor units and with rigid combined motive tractor-trailer lorries.

One result is that trailers last approximately twice as long as rigid lorries. This results in extended depreciation periods regardless of the external economic climate. In contrast, owners of tractor units, either by themselves or those which are part of a rigid lorry, are generally quick to seek longer depreciation periods for their *expensive assets.*

The effect of these fundamental *differences* between the general haulage sector, with its high costs and the trailer rental sector, with its relatively lower costs, *is shown in the greater* resilience of the latter at times of economic depression.

There is little evidence to show that the trailer rental companies have experienced the same level of difficulties experienced by haulage companies in the general freight sector in the face of the transport industry's worst slump in demand for at *least six years.*

Nevertheless, within the 50 *or so companies which make up the trailer rental industry, the slump* has had a *variable im*pact. The larger companies, *such as* Transport International Pool (TIP), Rentco and York Rentals (part of York Trailers) have experienced a fall in demand, but their greater size and force in the market has *helped* mitigate the worst effects.

The smaller trailer rental operators, especially those involved directly with conventional general haulage contrac*tors,* and *for* whom *trailer* rental is a sideline, have felt the worst effects of the slump. These are the operators, such as those at the smaller end of general haulage, who can stop and start their subsidiary businesses almost overnight in response to recession while concentrating resources in *selected* activities.

This retrenchment is not so easy for the larger operators, but these companies, *among* which are TIP and Rentco, do *not* rely wholly on spot rental contracts for their trailer rental income. Long-term contracts, up to five years or even more, have been evolved by the larger operators as a way of *stabilising cash flow.* The technique has considerable appeal *also for the user* because a contract hire arrangement can release valuable capital which the *user would otherwise have to* tie-up in his own fleet of trailers.

More and more companies in the manufacturing sector have turned over their whole transport operations to specialist contract hire companies. The former British Ropes transport company, Bridon Transport, is now operated by British Road *Services in an all-embracing* contract and George Bassett, the *confectionery manufacturer* has similarly found benefits for cash flow and simplicity of control by selling its road transport fleet to BRS and contracting back the often new lorries.

BRS, part of the state-owned National Freight Company, started in the trailer rental market *in March 1979*, with 100 trailers. This was a very modest *beginning bearing in mind that* the company had to compete for business with the giants of the trailer rental business, such as TIP with its total fleet of 12,000 trailers and Rentco, the wholly-owned subsidiary of Crane Fruehauf, with its fleet of 3,000 trailers in Britain and subsidiary companies in Europe. TIP has approximately 50 per *cent of the UK market.*

However, BRS's trailer rental *activities* expanded and the company has since taken a formal decision to limit its trailer rental fleet to 500 units, representing about 2 per cent of the UK market.

Approximately 70 per cent or less of the BRS trailer rental fleet is now being used, with spot hire and contract hire continuing — although some *trailer activities are more sev*erely hit by the slump than others.

Perhaps the worst affected sector is the container carrying trailer, the so-called platform skeletal, which traditionally makes up one-third of the UK market *for* rented trailers. This severe *slump* in *demand for this* type of container reflects the *downturn in the movement of* container traffic.

The surplus capacity is most noticeable in the spot hire sector, where as much as 40 per cent or more of trailer rental capacity is surplus to current needs.

Rentco, the Crane Fruehauf *subsidiary, plans to expand its* fleet of trailers next year in an*ticipation of an upturn in de*mand for capacity. The com*pany forecasts some* increase in demand for trailers this autumn, but added cautiously that this was likely to be seasonal in nature and would not reflect an underlying upswing in economic activity.

The slump in demand for purchased outright, is clearly reflected in the forecasts by Britain's 51 trailer manufacturing companies. Output by these British companies has fallen rapidly from under 19,000 units sold in 1979 to 12,000 sold last year and an estimated 5,000 expected to be sold this year.

Some operators are already talking of the possibility of a shortage of road transport equipment, including trailers, when the upturn in the economy comes.

However, on the basis of the present high excess capacity, where in some sectors of the trailer rental business almost half of the total fleet capacity is lying unused, an upturn in demand would have to be substantial and sustained for shortages to occur in the short term.

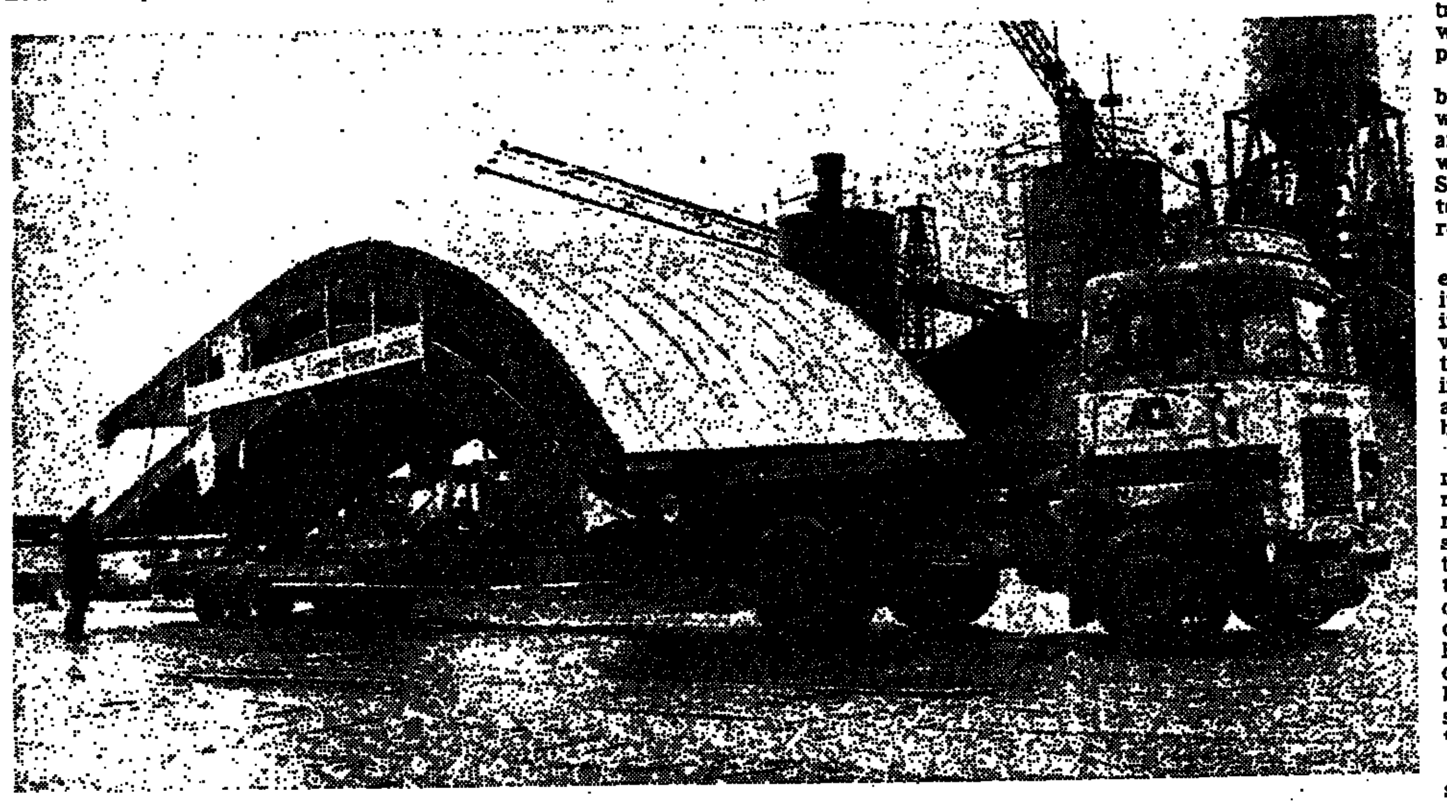
Peter Cartwright reviews the specialised vehicles market

Spirit of enterprise sets a high competitive standard

BRITISH INDUSTRY has come in for some scathing comparisons on performance, but there is one area in which it excels, and that is distribution in all its facets. Unlike some other European countries where regulations governing the use of trucks and specialised vehicles tend to inhibit competition, the UK has provided freedom for competition to develop within the legislative framework. Consequently individual and managerial initiative have been able to develop a high degree of expertise. Indeed, the competitive climate is such that failure to keep pace with marketing expertise has spelt the end of a good many companies.

Across the other side of the English Channel it has been difficult if not impossible, to show the same enterprise. In France, for instance, the private hirer is restricted to vehicles of 3.5 tonnes gross vehicle weight (gvw) against 7.35 tonnes gvw in the UK. Legislation also prevents heavy trucks on hire from "back loading"—acquiring a load for the return journey.

In Germany if you hire a vehicle of more than 7.35 fonnes gvw you have to hire the driver with it. On the other hand German legislation is tending to loosen up. Two years ago the duty on trailers as well as tractors was removed from articulated vehicles. While it existed it made the usual operation of using one tractor for a number of trailers, of delivering a trailer load and turning round with another trailer load, a prohibitively expensive job.



The first two sections of the housings for the Tham es Barrier hydraulic machinery being marshalled at the London site, ready for unloading. Extendible l ow-loader trailers hired from T.I.P., a subsidiary of the U.S.-based Gelco group, are being used to brin g the 50-ft sections from Liverpool. Altogether, 84 sections are needed for mount ing on the seven Barrier piers

In Italy it is said the leasing business is so hedged around with difficulties as not to offer any encouragement to enter while it is reported that in Spain there are so many forms to fill in that late delivery may result.

Even allowing for a bit of exaggeration to make the point, it discloses the fairly wide gulf in attitudes, and why the U.K. vehicle rental and leasing industry has forged ahead. It is increasingly using its knowledge and experience to develop business overseas.

Only two or three vehicle renters operate on an international scale within the Common Market, but more are considering extending their operations in the belief that legislation will be relaxed in the face of economic realities and so create new openings. If this happens and the kind of freedom enjoyed, say, in Belgium becomes more widespread it should benefit those offering the more specialised vehicles.

Although the recession has slowed down things for vehicle rental companies it has benefited them to the extent that the cash shortage, especially for capital items, has pointed managements in their direction. And there is a lot of confidence that when the recession begins to disappear and markets to expand again, managements will be looking for every pound note they can lay their hands on for investment in plant and equipment. Reducing or eliminating their own truck fleets must obviously look attractive.

Furthermore, many manufacturers and stockists need a variety of vehicles to cover the range of products some of which may remain out of use for days or even weeks. This is an especial problem for hauliers, many of whom have gone out of business in the past two or three years to leave the field more open to vehicle renters.

Rising costs of fuel, wages, maintenance and keeping an idle vehicle have made the distribution industry very much more conscious of the need to match the type of vehicle and horsepower to the load to be carried and the terrain over which it will be travelling. Ease of loading and unloading also, of course, comes into the reckoning with even greater force.

Because of their flexibility, articulated vehicles are by far the most common in the heavier classes. The trailers come in a variety of forms, from the straightforward flat platformed to the enclosed refrigerated types for food distribution. Altogether there are nearly 20 basic types varying in size, number of axles and finish. Among the more recent are the curtain-sided trailers with permanent roofs. Others are constructed specially for the container trade, or the three-axle low loaders for conveying plant and machinery. There is even a special "trombone" extendible trailer.

Specialisation has also progressed steadily in the rigid truck field. One of the earliest varieties was the tall furniture removal van, also commonly found around such furniture manufacturing towns as High Wycombe, and often known as a Luton van. Since then the range of bodies from specialist body builders has extended to cover light manufacturing industries where the cubic volume is big and the weight small. The extent to which a vehicle renter offers such specialist loader carriers depends very much on experience and his view of the potential. Since this is unlikely to represent bread and butter business what is on offer is apt to be restricted.

Liaison

And if you want something really out of the ordinary, such as a low loader for transporting a giant transformer weighing more than 200 tonnes and wider than a single carriageway or a long regenerator vessel, then one goes to the specialists. This is the kind of job where liaison is needed with the police, with the Post Office in moving telephone posts back from the road, or where the trailer is fitted with gas turbine compressors to spread the weight over a bridge that otherwise would be unable to take the strain. They are not the kind of vehicles associated with vehicle rentals.

It is nevertheless possible to rent an animal of different spots, like a tipper or a mobile crane. G W Sparrow and Sons of Bath offers a bare lease, machine-only option, in which the hirer takes full responsibility for maintenance and repairs for returning it in the same condition.

This applies to many of the 400 machines available at a dozen service centres in the UK.

But for the bigger capacity machines—they go up to 1,000 tonnes capacity costing £2.5m—the driver comes with the machine. Some of the most regular users of these are the North Sea oil and associated petro-chemical industries. The mobile crane hire business is highly competitive, with some five major companies contesting, although one, British Crane Hire, is in receivership (but still operating), the victim of the Richards and Wallington collapse.

In the more conventional vehicle rental field easily the biggest, even in world terms, is TIP, a subsidiary of the American based Gelco group, which deals in trains and buses as well as trucks. TIP, which started off as Transport Pool to provide vehicles for peak use, has 5? centres in Europe from Finland to Southern France and Eire. Some 13,000 of a world total of 40,000 units operate in Europe, where the growth of the specialist trailer rental business has been at the rate of 20 per cent a year, with some slowing down in the past year or two.

TIP estimates its share of the European rental market at around 35 per cent. Crane Fruehauf and its subsidiaries admit to another 15 per cent, putting a large share firmly in British hands between these two concerns.

TIP is an outstanding example of the way the rental business can be internationalised despite legislative barriers. The willingness to shoulder the financial responsibility for an imbalance in a fleet is a telling point, even with East Europeans. TIP reports encouraging progress from its Vienna centre which not only services Austria but is also picking up business to the east.

Hertz courtesy bus at Heathrow Airport. The duopoly of Hertz and Avis at Heathrow has been broken by Godfrey Davis and Swan National in an increasingly competitive market

Why the Pamela Mason show is still on the road

Rhys David examines both sides of the bitter argument at Illingworth, Morris

The extended family in happier days (l to r) Thomas Yeardye, Pamela Mason and Darryl Ostrer

WITH ITS monumental 19th-century architecture and vast size the Yorkshire headquarters of Illingworth Morris, the wool textile group, is well suited to its current position as a beleaguered fortress.

Stoutly defending the bastion from inside the 27-acre mill complex at Saltaire are the group's UK board members, two of whom—Donald Hanson, the chairman, and his oint chief executive, Peter Hardy—could be voted out of office at an extra-ordinary general meeting on October 1.

The attack on them has come from across the Atlantic, in California's Beverly Hills, home of Mrs Pamela Mason, a U.S. television personality, the former wife of actor James, and controller of the largest block of shares in the company following the death in 1976 within three months of *each other of her father* Isidore Ostrer and his brother Maurice. The two men had acquired the group in a merchant banking deal in the 1930s and for much of the post-war period ran it at arm's length from the South of France, adding to it with frequent purchases of rival companies.

At the heart of the bizarre and extremely complex dispute—in which the culture gap between Hollywood show-business and Yorkshire textiles is also playing a part—lies Mrs Mason's impatience with the slow progress the group is making *back* to profit. Her solution—though not that of other members of her family who also have a stake in the groups—is a drastic change of management to add to the other comings and goings since she arrived on the scene.

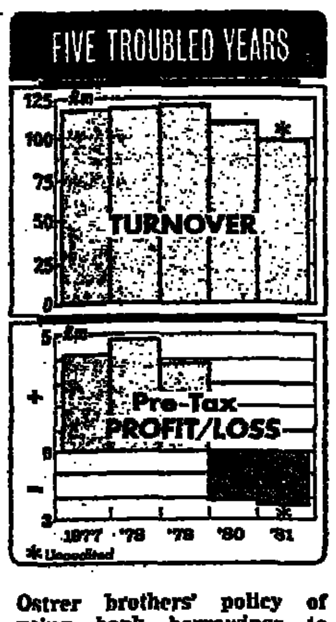
For their part, the existing executives will be arguing—in a document due to be *circulated shortly* to shareholders—that the corner has been turned, that the heavy costs of cutting out surplus employees and redundant buildings is now behind the company, and that profits were being made in the first few months of the current year. They are arguing, too, *that serious damage is being* done to customer confidence by the dispute, with some orders already lost.

The affair has provided a lively *summer sideshow for* the Press and the City, but it also raises some serious issues. At stake are not just the jobs of the two directors (and any other executives Mrs Mason may choose to dismiss). Though relatively unknown to the general public, Illingworth, Morris has annual sales in excess of £100m and is *the biggest* grouping in an industry — wool textiles — which is still important to the UK economy, with annual export earnings of £400m. Though its labour force of 5,000 is less than half the level of five years ago, the company employs around 10 per cent of the industry's workforce.

Dominant

Included within Illingworth, Morris are a number of important international brand names, such as Crombie of overcoat fame. The group's scouring and combing activities also represent an important part of the UK wool textile production chain.

The basic problem throughout the past 10 years has been the group's very heavy overdraft of more than £20m — *acquired as a result of the*



Ostrer brothers' policy of using bank borrowings to finance their purchases of *companies so as not to dilute* their own shareholdings. On acquiring her dominant interest in the group Mrs Mason was quickly persuaded by the board that urgent pruning was needed to reduce this burden. Her first move was to appoint to the chairmanship Ivan Hill, a former chief executive who had previously *resigned after failing to* secure the Ostrers' support for a rationalisation plan he had drawn up.

The measures instituted by Hill *brought about* an improvement in 1977 and 1978 but the industry as a whole was then overtaken by recession in its home market and further hit by the strength of sterling overseas. Hill resigned in August last year — after several tussles with Mrs Mason — and the task of undertaking the further rationalisation the group needed passed to the then deputy chairman Donald Hanson, *an IM employee for* 40 years.

In response to poor 1979 results Mrs Mason had brought in Thomas Yeardye, a *British-born American* business executive, to represent her views more strongly on the board. At the 1979 annual meeting, she replaced the existing auditors, and appointed new merchant bankers, and brokers.

The UK board members argue very strongly that Mrs *Mason was told before the* latest round of cuts was begun that better results could not be expected inside two to three years. Mrs Mason says she was told profits last year would be £3m but instead was presented with a £2.4m loss. "I have been in this mess for six years and they have always said give us two more years," Mrs Mason said from her California home last weekend.

What seems to have disappointed her most was the passing of the dividend on which she was relying to meet the demands of the Inland Revenue. The two brothers, though both living in France, remained voluntarily as UK *tax citizens and left their* beneficiaries a massive tax bill to pay on their inheritance. Dividends have been used by Mrs Mason to pay off roughly £1m but a total of £2m remains outstanding and is itself subject to interest charges.

There have, too, been other causes of friction. Mrs Mason and her American advisers have been anxious to build up but have run into resistance the group's U.S. operations from the UK board which has regarded the restoration of *the Yorkshire base as a much* more important priority. One idea was to set up a plant to make all-wool carpets for hotels and casinos in the gambling state of Nevada, with a second stage possibly involving the manufacture there of Crombie overcoats—one of IM's prestige businesses. "They turned down anything that was not going to be done in Yorkshire," Mrs Mason claims in reply to allegations from the UK executives *that* they were frequently being asked to look at wholly unsuitable projects.

Various schemes involving the possible acquisition of U.S. clothing companies were, to the embarrassment of the UK executives, publicised on both sides of the Atlantic by Mrs Mason's son, Morgan, who, from January 1980 to April 1981, was an executive director on a salary, including car allowance, of £29,000. This year it was decided at a board meeting *that* in view of his full-time position as an aide to President Reagan in the White House he should move down to a non-executive position on a salary of £1,000.

One U.S. scheme the UK directors have accepted has been the marketing of tenniswear manufactured in the Far East under the brand name Wimbledon. This was mainly because it involved a relatively small financial outlay and will not require scarce management resources to be *diverted to it.* Yeardye, who was responsible for negotiating the deal with the All-England Club for the use of the Wimbledon name, has since resigned from the IM board in response to Mrs Mason's call for his dismissal along with the two British directors. He has agreed, however, to the *request of his ex-colleagues to* stay on in charge of the *Wimbledon marketing operation* in the U.S.

Another important cause of friction was the new arrangement reached by IM with its *main bankers*—a *deal which* the UK directors claim Mrs Mason approved. The previous bank lendings of more than £20m were unsecured, a surprisingly loose arrangement which the banks were naturally anxious to regularise. They have now agreed new borrowing facilities of up to £25m but are taking a *fixed and floating charge on* assets, to be discharged when IM reaches certain profit levels and reduces its borrowings and gearing.

According to Hanson, the banks' willingness to negotiate such a deal is an indication of their confidence in the group. Mrs Mason claims the banks were willing to allow the previous arrangements to stand if new management was injected.

The chances of an accommodation between Mrs Mason and the UK directors before October 1 look slim but *it* is likely in any case that lawyers will have intervened before then in various family *disputes in which* she is also involved arising out of the disposal of the estate. In her own right Mrs Mason actually owns no shares and exercises her control over IM in a fiduciary capacity as executrix of her father's will.

Under this she and other beneficiaries on her father's side were left a 19 per cent direct share stake in IM, as well as 60 per cent of Lothbury Trust, which owns a *further* 27 per cent of the group. Mrs Mason's half-sister Isabella (now Mrs Blench) has applied to the courts to have Mrs Mason removed as executrix of the will on the grounds of undue delay in winding up the estate, and replaced by a judicial trustee.

Displeased

This action is not due to be heard until next May—the first fixed date available in the Chancery Division at the time of the application—but Mrs Blench's lawyers confirmed this week that they were considering applying *for the hearing to be brought* forward.

Mrs Mason's cousins—Maurice's beneficiaries—who have been left the 40 per cent remaining share in Lothbury are also displeased with what they see as the suppression of their minority interest by Mrs Mason, who has been using her majority on the trust to vote all its shares. Darryl Ostrer, son of Maurice, said *this week that* his family's solicitors were considering petitioning for the winding up of Lothbury so that the shares could be released.

Mrs Mason, meanwhile, claims to have a buyer lined up for the shares she controls, with four or five others waiting in the wings to step in if present negotiations fail. Whether she can sell the shares she controls without obtaining full consent from other beneficiaries is, however, likely to be another matter of dispute. According *to Darryl Ostrer, an approach* has been made to his side of the family by a consortium that has been talking to Mrs Mason but the price offered was derisory.

Perhaps the only consolation for the board is that the episode is likely to be settled one way or another before another month is over. The *extent of the damage that* will have been inflicted on Britain's biggest wool textile group—and on the job prospects of 5,000 people—remains to be seen.

The cuts that shrank an outsize empire

THE efforts to bring an overblown group down to a viable and manageable *size* go back a long way, and have resulted in halving of employment since 1976. Under the previous chairman, Ivan Hill, the group was streamlined into four divisions, a large number of mills closed, and the range of yarns and cloths offered by what had previously been a loose association of companies, was rationalised.

Though these changes brought about some improvement in results, the accelerating decline after 1979 in demand for worsted cloth, partly as a result of fashion changes and partly *as a result of the unfavourable* sterling exchange rate and the worldwide economic recession, forced a further rethink.

The aim of the latest moves has been to *eliminate* overcapacity in areas where no long-term prospect of a return to previous levels of demand is likely. At the same time overheads have been attacked through relocation of businesses away from the least efficient, most energy intensive older premises and through re-investment in newer equipment, much *of it obtained at bargain prices* from other companies that were closing down. Efforts have also been made to move away from areas where there is strong actual or potential competition from overseas, and to concentrate instead on products and processes where the group's special skills can be exploited.

Employment in the group which, *in 1975 stood at 11,200,* has been reduced to less than 5,000 by the latest round of cuts, and the number of operational sites *is down by 15* to around 25. Despite the high cost of the closures—mainly in redundancy payments — total group indebtedness has been reduced by £5m over the past year. In the first few months *of this year, too, the group* claims to have been operating profitably.

IM has now been reduced, according to Hanson, to a number of core businesses which should be able to survive, providing there is no further major downturn in demand. Because of improvements in efficiency, they are capable of generating good profits when the recession ends, he maintains. The City's view appears to be that on balance there is a better *chance than for some time that the group has now turned the* corner.

Crossbreds

The main elements of rationalisation are as follows:

In woolcombing IM has cut capacity in two stages by as much as 40 per cent. Production which was previously spread across several sites in Bradford has been largely concentrated at the company's Greenside mill. IM has also scaled down its involvement in the processing of *Merino wools which are now* increasingly being converted into tops (combed wool) for spinning in the grower countries of the Southern Hemisphere. Instead the group, which still accounts for around 7 per cent of all European combing capacity, is now concentrating largely on British wools and on crossbreds and speciality types *from overseas.*

The company has also re-equipped its combing with good-as-new French combs and carding engines worth around £1.5m for an outlay of only £600,000.

Cash flow improvements have been secured through changes in the system of paying for wools. The British Wool Marketing Board, which sells all wool grown in the UK—the world's seventh biggest producer—has modified its payment terms from 14 to 28 days. The trade as a whole has also negotiated new arrangements with overseas suppliers who now receive their payment when wools are delivered. Previously payment was due 14 days after the fall of the hammer at auctions.

In spinning IM has scaled down the operations of subsidiaries supplying the declining worsted manufacturing sector and closed others completely. The company's James Tankard subsidiary has been moved from a large old mill which was expensive to heat to another IM site and its output scaled down. Tankard, together with another spinning subsidiary, Globe, has also switched from heavy dependence on inter-group trade *to supplying mainly outside* customers—another move intended by the group to improve cash flow. "Horizontal operations—selling to outside customers—enable us to bring hard cash into the group. With a vertical business it can be 15 months between buying raw wool and recovering cash through the sale of finished cloth," Hanson says.

The group's bulk spinning subsidiary, Daniel Illingworth, which has traditionally supplied a broad range of outlets in *weaving and knitting, and* maintained a consistently high level of profitability, has cut its labour force over recent years from 1,440 to under 400 and at the same time doubled output.

In worsted manufacturing there have been major closures aimed at bringing group capacity into line with future demand. Employment in worsted weaving has over the past two years been reduced by half and all group brands—at one time each associated with a different mill—now come *from four sites.* These cover three main speciality lines and one remaining bulk operation, Salts of Saltaire.

Model mill

In woollens manufacturing, a relatively strong business which began to show serious weaknesses two years ago, capa*city has been cut by 45 per cent,* with the closure of several mills operated by the group's Brook Walker subsidiary. A small subsidiary in Scotland has also been closed but investment has continued in the group's important West of England mills. IM is one of the world's leading producers of the fabric covering for tennis balls—a market growing by 10-15 per cent each year—and of billiard table covering, another market enjoying a major boom as a result of television exposure.

The main vertical operation left in the group — and one of its remaining problems — is the Salts of Saltaire complex, a model mill erected in 1853 by Sir Titus Salt with its own village around it. This listed building contains nearly 1m sq ft of floor space which was once kept fully occupied spinning yarn and *converting it to cloth for the* big Leeds multiple tailors. With their demise the plant has struggled for some years to find a new role and has been a heavy *loss-maker for seven to eight* years. Under a new manager appointed last year Salts has been trying to move away from its recent dependence on highly vulnerable export business with new more fashionable ranges of cloth for women's wear as well as men's wear. Costs have been *reduced, too, by cutting excessive* yarn stocks, and eliminating small production runs.

Elsewhere IM has developed new markets for lanolin, a by-product *of scouring, which was* being put under very strong pressure in Europe from Japanese exports. The group has closed down the manufacturing operations of denim producer Joshua Hoyle in Lancashire, and now imports and merchants equivalent fabrics obtainable at half the cost from overseas. S. Schneiders, the group's men's *clothing subsidiary purchased* by the Ostrers as an outlet for IM cloth, has been reduced from three sites in the south of England to one at Strood near Chatham and has cut capacity by 25 per cent. The remaining plant is concentrating on trouser production, and has recently won a major order from the Middle East.

The group's strategic stakes in various rival Yorkshire wool textile producers have now all been sold, as too have several property interests and a Vauxhall main dealer. A *140-acre* estate owned by the Crombie subsidiary is expected to realise several million pounds if it can be sold for residential development, and further sums will be raised from the sale of properties released by mill closures in Bradford and elsewhere.

The restructuring process has obviously been painful. Whether IM can survive a renewed period of crisis after October 1 to enjoy the fruits of the rationalisation is now the main fear.

Preparation of warps (the lengthwise threads) before weaving on a looming machine at Illingworth, Morris's Salts factory in Saltaire. With the demise of the Leeds multiple tailors, Salts has been struggling for some time to find a new role and is now moving into more fashionable cloth

LOMBARD

Leap-in-the-dark economics

BY ANATOLE KALETSKY

FOR THE PAST two years, economic theory has been more or less powerless to say anything very useful about the way the economy has been moving.

The reason, which many professional economists would freely acknowledge, is that the intellectually solid part of economics, the area in which the disagreements between *economists can be discussed* against a well defined background of logic and empirical knowledge, is the theory of "*comparative statics*": the theory of comparing one reasonably stable state of the economy with another.

Consensus

Attempts of economists to deal with economic "dynamics"—the theory which would explain what happens in the transition periods when an economy is moving from one stable state to another—are highly speculative and command no intellectual consensus. It is not just that economists disagree about what is going on in an economy which is way out of equilibrium. They cannot even agree on what questions to ask

This is one of the reasons why the so-called "supply side" economists are treated with such suspicion by the many members of the economic profession who have not found it opportune to join them. The "supply siders" purport to have found the key to jerking an economy from one steady state with low growth, high taxes and general misery into another one, with higher output, lower taxes, undiminished Government spending and greater happiness for everyone. They have been able to maintain their claim that this transition can be achieved by cutting taxes and raising incentives because traditional economists have had to confess ignorance about the precise mechanisms that produce abrupt economic changes.

But the fact that traditional economists have had little constructive to say about the sort of issues taken on by the supply siders should be regarded as a warning against putting too much faith in simple answers, not as an invitation to embrace the ideas of anybody who comes along to fill the gap in the market for new theories.

This is just the sort of warning that Wall Street is now issuing to President Reagan. Two years ago, before Mrs Thatcher launched her own supply side experiment by shifting the burden of taxes from incomes to consumption and abolishing all restraints on collective bargaining, it was worth warning of the risks involved in trying too hard to "change the trends" in Britain. *After all, the economic performance of* the previous three years had not been all that *bad*, although the political *effects of the "social contract"* and the "winter of discontent" had been highly unpopular. Looking ahead, there was the *prospect* of relative prosperity

However, now that the "dynamic" part of the Thatcher experiment is behind us and the economy seems to be settling into a new steady state (with GDP 6 per cent below its 1979 peak), the argument between the Government and its critics is reversed. It is now the Government that insists on maintaining stable policies which would result in a recovery at around 1 per cent a year according to most forecasts. It is the critics who are demanding dramatic initiatives to get the economy off its present path and on to a new one.

Speculation

Thus the Government now enjoys something of an intellectual advantage. *If all that ministers want* to achieve is economic stability or a very low growth rate starting from the present position, then there are very strong theoretical grounds to suggest that they can succeed in doing this. People who want to get the economy back up to its original growth path, on the other hand, can only rely on speculation about how their policies would work.

But if the Government allows itself to get too complacent about the remarkably unambitious objectives which it now seems to be setting itself, unemployment will remain at around 3m for the indefinite future and the wealth of the North Sea will have been wasted. When the electorate realises this, who knows what risks they will be prepared to take if Government policy holds out no prospect of an improvement?

Why the debt collectors are busy

BY ANTHONY MORETON

THE FIRST of two articles on providing finance for people with lower incomes or those without bank accounts in Huddersfield.

AROUND BRITAIN

HUDDERSFIELD

IT IS a Thursday afternoon in Huddersfield and the rain is coming down like stair-rods. Springdale Street is a neat road of Victorian stone-built houses slightly covered in grime from the nearby textile mills. There will be no more grime for the mills have closed, victims of the recession.

The slightly overgrown private hedges and pink roses help to obscure the fact that Springdale Street is a street of back-to-backs, built to house workers for the mills more than a century ago. Today it is largely inhabited by Asians, with some West Indians and a sprinkling of whites in the semis at the top of the road. The whites are gradually moving out.

Denis Buckley knocks lightly on the door of one of the houses at the bottom of the street, apparently oblivious to the rain. He is dressed rather like a policeman in a double-breasted black raincoat with epaulettes; he is in fact, a debt collector.

The door opens and an Asian woman, together with two children under 10, cluster around it. "Are you Mrs — ?" he asks, referring to a sheet in front of him. "No," she replies.

"Do you know where she is?" The woman appears baffled; the children translate. There is a gush of Urdu. The elder of the children says: "She left here 10 years ago. We do not know where she lives now."

Mrs — has defaulted on a debt with a mail-order company. It is not a large sum—£60—but it may be difficult to collect. Buckley accepts the answer, thanks them, and moves on.

"It's absolutely no good being heavy-handed," he says. "That way only puts their backs up. You have to gain their trust, they have to like you. They know they have defaulted and probably feel some guilt about it. So I have to talk them, with gentle reasonableness, into paying."

Denis Buckley is 55 and works for Robinson Way, the debt-collecting side of London and Scottish Finance Company, the only public company in the consumer debt-collecting field, though there are others which are privately owned. It also collects debts for Credit Data, which took over British Debt Services.

London and Scottish also makes loans, ranging from £100 to £1,000, under another subsidiary, Refuge Lending Society; when he is not collecting debts under his Robinson Way hat, Buckley is making loans and taking repayments under Refuge. Other companies in this lending field include Provident Cheque, and Cattle Holdings.

Buckley moves on, to Thomas Street. His route takes him round inner Huddersfield, though he is manager for a much wider area taking in the Colne Valley and has a staff of 11 part-time collectors. In Thomas Street a young Asian tells us the borrower has moved on.

In Walpole Road, a council estate, it's the same story, though a child says the woman lives "up the road." Children are welcomed by Buckley because they tend to blurt out the truth.

In Longley Road he has his first success. A young girl, about 23, answers the door. She agrees that she owes £120 for clothes. She offers no excuses and Buckley seeks none.

He asks if she can pay the debt and when she says "No way," he suggests £5 now and £5 every Friday night. She agrees meekly, perhaps to get us out of the front room which is cluttered with shoes, evidence of food having been recently eaten, a moped crash helmet, and several pictures of a young child. She says she is on holiday, but in work. He says he will arrange for a collector to call. *All Buckley does is to find the* debtors; his collectors bring in the money.

There are several other abortive calls before he visits a house in Brackenhall Sheepride, a tough area. The door is answered by an aggressive West Indian girl who is dressed as though to brave the rain but turns out to be dancing, solo, to the record player which is *loudly churning out* Reggae music in the front room.

A large West Indian woman, eating off a tin plate, appears and Denis asks if we may come inside. If he feels the family is the one on his collection sheet, he always attempts to talk away from the prying eyes of neighbours.

The man of the house owes £42 but the large woman says he is out. The next moment he walks through a door. Yes, he owes the money. He has been out of work for nine months, but has a job starting *on Monday. Yes, he can pay* something; he comes back with £2 and a promise to pay a like amount every Friday. Somewhat lethargically, as though it is part of a game, he disputes the sum owed.

London and Scottish earns its money on the commission it gets on recovered debts. Buckley earns his money on commission, from the debts recovered in his area. His collectors get a percentage of the commission from the debts they collect each weekend.

A collector can earn £30-£40 a weekend, and the 11 in Huddersfield—teachers, mechanics, clerks, bus drivers, taxi drivers—are part of a much larger force. London and Scottish has some 300 full-time staff of whom about 200 are "on the knocker"; it also has 1,000 part-timers. Each makes about 100 calls a week, so that London and Scottish is making about 100,000 calls a week around the country.

"Business has never been better," Buckley says. "It's the recession. There's heavy unemployment here in Huddersfield and there's always the thought that if you put a debt off when you lose your job you can pay later. Most people do pay, when you find them. They feel slightly apologetic about it; it's almost a relief to see me arrive in a way."

Huddersfield now has approaching 13 per cent out of work. It made its name in the last century as a centre of spinning and weaving fine textiles. The recession and cheap imports have played havoc with this business.

The people on the streets look well-dressed. Many of them are Asians and West Indians, once attracted to the textile industry. But inside their houses it is a different matter. "It's bloody hard," as one debtor said, to keep the wife, three kids and meself on £43 a week dole."

Next week: Making a loan.

Johara worth another chance

RACING

BY DOMINIC WIGAN

THERE CAN seldom have been a more interesting two-year-old event at Kempton than today's Sirenia Stakes.

This £8,000 added event over 6 furlongs has attracted unbeaten candidates in Custer, Sandhurst *Prince*, and *Foam* Bath, as well as lively prospects in Admiral's Princess, Childown Blue and Johara, who make up a six-runner field.

Henry Cecil has done a remarkable job in placing Mr Carlo d'Alessio's Custer to win five *consecutive races, but I* doubt whether the form which saw this Chieftain colt accounting for Codrington in Newbury's Washington Singer Stakes on his last appearance will be good enough this time. Sandhurst Prince and Johara have more appeal.

Although Guy Harwood rates the Pampapaul colt, Sandhurst Prince, some way behind Treboro, the powerful chestnut is clearly a smart two-year-old in the making, judging by his initial run in the Chertsey Lock Stakes.

Always in the vanguard, Sandhurst Prince found no difficulty in pulling clear of his 12 opponents, when given the office ¼ mile out.

Sure to be all the better for that quiet introduction, Sandhurst Prince will make a bold bid for the double.

*Johara is a difficult proposi*tion to weigh up. The impressive conqueror of Luca Cumani's most-highly-thought-of filly, Tripple Tipple, in Ascot's Virginia Water Stakes, Paul Cook's mount subsequently ran a disappointing race in Newmarket's Sweet Solera Stakes, for which she started favourite.

Well to the fore two furlongs *out on the July course, Johara*, a $215,000 yearling purchase by Exclusive Native, then faded badly to finish fifth of eight *behind Baltimore Belle.*

No excuse for her poor showing on an admittedly dead surface was put forward publicly, but I suspect that Johara is worth another chance.

KEMPTON

2.30—Blue Gulf

3.00—Johara***

4.00—Fool's Testimony**

HAYDOCK

3.15—Outlaw*

3.45—Miss Nelski

TV/Radio

† Indicates programmes in black and white.

BBC 1

7.30-7.55 am Open University (UHF only). 9.55 The Wombles. 10.00 Jackanory. 10.15 Sports All Rounder of the Year. 10.40-11.00 Take Hart. 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Chigley. 3.50 Ail Adfer Bro (Regeneration of Dingle Peninsula). 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The Space Sentinels. 5.05 Rentaghost. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Oh Happy Band!
6.50 The Educated Trout.
7.40 Sink or Swim.
8.10 Athletics from Rome.
9.00 News.
9.25 Knots Landing.
10.15 Athletics from Rome.
10.35 Marion Montgomery and Richard Rodney Bennett (London and South East).
11.05 News Headlines.
11.10 The Late Film: "Flare Up," starring Raquel Welch.

All regions as BBC 1 except as follows:

Cymru/Wales—1.30-1.45 pm Bys a Bawd. 5.05 Fred Bassett. 5.10-5.35 Un Nosun Dywyll. 5.55 Wales Today. 6.20 McCloud in Japan. 6.45 Heddiw. 7.10-7.40 Prydain Fechan. 10.35 Western Welsh. 11.05-11.06 News for Wales, National News.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.35 The Beechgrove Garden. 11.05-11.10 News for Scotland; National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.35 A Bunch of Bells. 11.05-11.10 News for Northern Ireland; National News. 12.50 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (*Norwich*); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West Plymouth). 10.35-11.05 East (Norwich) Weekend; Midlands (Birmingham) Trees for all Seasons; North (Leeds) Direct Line; North East (Newcastle) Wilf Mannion—The "Golden Boy" of English soccer; North West (Manchester) Home Ground; South (Southampton) Smitten City; South West *(Plymouth) According to Hoyle*; West (Bristol) Newsroom File.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 *Peace on Earth.*
7.05 *News Summary.*
7.10 One Hundred Great Paintings.
7.20 Romer's Egypt.
8.30 Gardeners' World.
9.00 Poland on Release.
10.20 Stuart Burrows Sings.
10.55 Newsnight.
11.40 Bullseye.
†12.10 am Laurel and Hardy in "One Good Turn."

LONDON

9.30 am The Bubblies. 9.35 The Secret World of Reptiles. 11.05 Bracken. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 One in a Hundred. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Houseparty. 2.25 Golf: *European Open Championship.* 4.15 Sylvester. 4.20 Storybook International. 4.45 Ad Lib. 5.15 Sale of the Century.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Amazing Spider-Man.
8.30 Kinvig.
9.00 Stay with me till Morning.
10.00 News.
10.30 Soap.
11.00 International Sports Special: Athletics from Rome and Golf—The European Open Championship, from Hoylake.
12.00 Stars on Ice.
12.30 am Close: Personal Choice with Terry Duffy.

All IBA regions as London except as follows:

ANGLIA

9.30 am Larry the Lamb. 9.40 Friends of my Friends. 10.05 Young Ramsay. 10.55 Cartoon Time. 11.10 Pro-Celebrity Darts. 11.40 Razzmatazz. 1.20 pm Anglia News. 5.15 Winner Takes All. 6.00 About Anglia. 10.30 Side by Side by *Swinfield*. 12.00 Anglia Late News. 12.05 am Friday Late Film: "Death Sentence" (TV movie). 1.30 Christians in Action.

ATV

9.40 am Something Different. 9.55 The Wild, Wild World of Animals. 10.20 George Hamilton IV. 10.45 The First Day. 11.00 The Further Adventures of *Oliver Twist*. 11.40 *Razzmatazz*. 1.20 pm ATV News. 6.00 ATV Today, including ATV Sport. 10.30 WKRP in Cincinnati. 12.00 ATV News.

BORDER

9.35 am Larry the Lamb. 9.45 Sesame Street. 10.45 Bailey's Bird. 11.10 *Survival* 11.40 *Razzmatazz*. 1.20 pm Border News. 6.00 Lookaround Friday. 6.30 Enterprise. 10.30 *It's Worth a Try*. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, *What's On Where and Weather*. 6.00 *Channel Report*. 6.10 The Puppy Who Wanted a Boy. 6.30 The Lost Islands. 10.28 Channel Late News. 10.32 Target The Impossible. 12.00 News and Weather in French.

GRAMPIAN

9.45 am First Thing. 9.55 Film. 10.55 Story Hour. 11.40 Razzmatazz. 1.20 pm North News. 6.00 Summer at Six. 6.30 Happy Days. 10.30 Abba—Words and Music. 12.00 Wild Wild World of Animals. 12.30 am North Headlines.

GRANADA

9.30 am A Big Country. 10.00 European Folk Tales. 10.10 Razzmatazz. 10.30 Comic Stories. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Union World. 12.00 The Late *Film:* "The Fourth Sex."

HTV

9.50 am Razzmatazz. 10.10 Beachcombers. 10.35 The Entertainers. 11.00 Sesame Street. 1.20 pm HTV News. 6.00 Report West. 6.30 Laverne and Shirley. 10.28 HTV News. 10.30 Shakin' Stevens.

HTV Cymru/Wales—As HTV West except 12.00-12.10 pm Ffalabalam. 4.15-4.45 Llygad yr Octopws. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

9.55 am Portrait of a Village. 10.20 *Finnish Nature*. 10.30 Young Ramsay. 11.20 Brass in Concert. 1.20 pm News Headlines and Road Report. 5.15 Winner Takes All. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Meet Paul Cola. 12.00 Late Call.

SOUTHERN

9.35 am Afloat. 10.00 Lost Islands. 10.25 Story Hour. 11.20 European Folk Tales. *11.40 Razzmatazz. 1.20 pm* Southern News. 6.00 Day By Day. 6.00 Scene South East (South East area only). 6.30 Survival. 10.30 The Jim Davidson Show, 12.00 "Assassin," *starring Ian Hendry.*

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 The History of the Motor Car. 9.50 George Hamilton IV. 10.15 Bailey's Bird. 10.35 Sesame Street. 11.35 Razzmatazz. 1.20 pm North East News and Lookaround. 2.00 Houseparty. 5.15 That's Hollywood. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Superstar Profile. 12.00 Welcome Back, Kotter. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 6.00 Good Evening Ulster. 6.30 Here's Boomer. 10.29 Ulster Weather. 10.30 Witness. 10.35 Mork and Mindy. 12.00 Bedtime.

WESTWARD

9.35 am Sesame Street. 10.35 Vicky the Viking. 11.00 The All British Country Music Special. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.32 Westward Late News. 10.34 Western Approach. 12.00 *Faith for Life*. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am *Larry the Lamb.* 9.40 The Amazing Years of Cinema. 10.05 Young Ramsay. 11.00 Razzmatazz. 11.25 Welcome Back Kotter. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 6.00 Calendar (*Emley Moor and Belmont editions*). 6.30 Calendar Sport. 10.30 Benson. 12.00 Superstar Profile.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

S Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. *9.00 Simon Bates. 11.00 Peter Powell* with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable with Mike Read. 7.30 Pete Drummond. 10.00 and 12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Jean Challis (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 Don Durbridge with Much More Music (S). 8.00 Jim MacLeod at The Radio 2 *Ballroom (S). 8.45 Friday Night is* Music Night (S). 9.55 Sports Desk. 10.00 Keep It MacLean. 10.30 The Bing Crosby Show. 11.02 Sports Desk. 11.15 Brian Matthew with Round Midnight from the Edinburgh Festival. 1.00 am Trucker's Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 *Morning Concert (S). 8.00 News.* 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Tchaikovsky (S). 10.00 Maurice Bourgue Oboe recital (S) 11.15 Britten, Kodaly and Bartok (S). 12.15 pm Schubert Piano recital (S). 1.00 News. 1.05 BBC Northern Symphony Orchestra (S). 2.30 Piano Quartets (S). 3.55 English Cathedrals and their Music (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Let the Peoples Sing (S) 7.30 Proms '81, Part 1: Strauss, Barber, Beethoven (S). 8.30 Poetry Now. 8.50 Proms '81, Part 2: Mussorgsky orch. Ravel (S). 9.35 Schoenberg and Messiaen, Piano recital (S). 10.25 Between Two Shores (short story). 11.00 *News*. 11.05-11.15 Bozza (S).

Open University—VHF only: 6.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast 6.30 Today. 8.45 Love Among the Butterflies (s). 8.59 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs (s). 9.45 The Melodies of J. K. Galbraith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Bob Hope (A profile). 12.00 News. 12.02 *pm You and Yours*. 12.27 The Year in Question. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.05 Just the Job. 4.15 Libraries. 4.45 Story Time. 5.00 P.M.: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (s). 8.10 Profile. 8.30 With Great Pleasure (s). 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 *Injury Time (s). 11.00 A Book* At Bedtime. 11.15 The Financial World Tonight. 11.30 One Woman's Arabia. 11.45 Friday Treat with Dilly Barlow. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 MMM . . . Maitland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

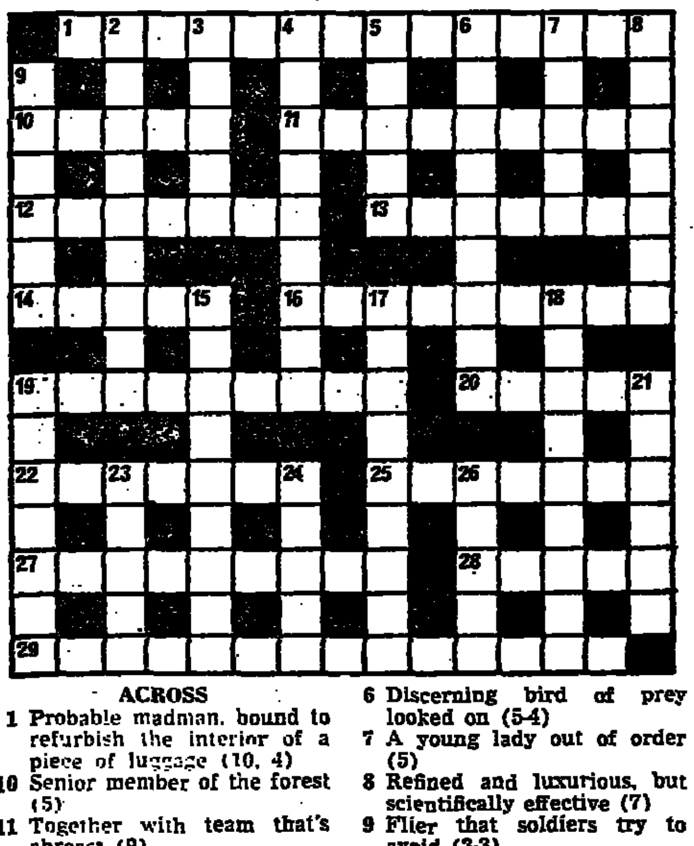
London Broadcasting

5.00 am AM—Douglas Moffitt and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.03 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Peter Young (rock music). 10.30 Greg Edwards. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,663



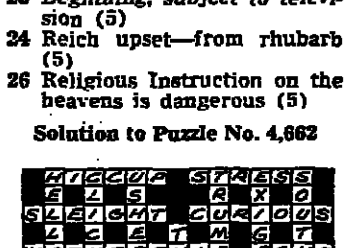
ACROSS

1 Probable madman, bound to refurbish the interior of a piece of luggage (10, 4)
10 Senior member of the forest (5)
11 Together with team that's abreast (9)
12 Obeisance requiring short word of affirmation in return (7)
13 Digestive ailment could be putting vigour into a continent (7)
14 Danger for each one left (5)
16 All yes-men initially tolerate relief (9)
19 Go by and stop for a ticket of re-admission (4-5)
20 Get rid of a trench (5)
22 Present a tender (7)
25 Watch a spirit that's a sign of impending conflict (3-4)
27 Rising in the South with important conclusion (9)
28 Weigh up a thin plate of fish (5)
29 Dote about and flirt with a mathematical assistant (3, 3, 5, 3)

DOWN

2 Instructions to soldiers to requisition weapons . . . . (5, 4)
3 . . . . and do soldiers start swimming with a fish that can walk? (5)
4 Daydreamer endlessly confused, but off the peg (5-4)
5 I'd love the French objects of worship (5)
6 Discerning bird of prey looked on (5-4)
7 A young lady out of order (5)
8 Refined and luxurious, but scientifically effective (7)
9 Flier that soldiers try to avoid (3-3)
15 Match consisting of luminous protein-like derivative from animal organs (9)
17 Love to irrigate copiously (4, 5)
18 Go in with article in metal to amuse (9)
19 Affected by opium and covered with flowers (7)
21 Impede a large basket (6)
23 Beginning, subject to television (5)
24 Reich upset—from rhubarb (5)
26 Religious Instruction on the heavens is dangerous (5)

Solution to Puzzle No. 4,662



FINANCIAL TIMES

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THE ARTS

A scene from Peoples Show Cabaret

King's Head

Peoples Show Cabaret

by MICHAEL COVENEY

There are always lots of loose ends in the Peoples Show, but tying them up in a vaudeville cabaret is a splendid smack in the eye for both friends and critics.

If anyone seeks an antidote to that sub-David Frost Oxbridge Edinburgh Festival revue style, he should hurry along to the all-action, all-music, wonderful cabaret of the Peoples Show at the King's Head.

The wonderful thing is that the Peoples Show use their long-standing relationship of Mark and Emil — rival waiters — against a solid brass jazz background emanating chiefly from the hot saxophone of Mike Westbrook wastrel George Khan. Khan is a master jazz musician who binds the whole extraordinary cabaret in its musical league from Elvis Presley to Glenn Miller.

Glenn Miller, in fact, is the binding motif. The lost air pilot who would save us from the Hun but for the intervention of Fate wrote "In the Mood," which is a number always about to happen but eventually realised after a series of false endings, acrobatics, sticky animals and Hoagy Carmichael. The show is inimitably plastic, daring to end after an hour and moving on to its glorious jazz finale with all participants—George Khan, Mark Long, Emil Wolk and a mysterious continental pianist.

Wigmore Hall

Vishnevskaya

by ANDREW CLEMENTS

It has become the custom for the Wigmore Hall to open each new season with a celebrity song recital. On Wednesday its 1981/82 programme was given a red-blooded send-off by Galina Vishnevskaya, accompanied by Geoffrey Parsons. There are no half measures in Miss Vishnevskaya's singing, and equally there can be no half-hearted responses to it. She gives everything the full treatment, bringing in to play as much (and sometimes more) of her operatic craft as the music can bear. So a programme of Musorgsky and Glinka, the twin poles of Russian nationalism, gave full rein to her histrionic abilities, with varying effectiveness.

Her Musorgsky selection, eschewing the song cycles in favour of individual pieces, included some of the most remarkable songs the 19th century produced, complete in their definition of mood and drama. In such music—"The Orphan" and "Over the River" for example—any added melodrama seemed a superficial and sometimes tasteless gloss, but when the delivery was more restrained, and Mr Parsons's pointful accompaniments given a chance to be appreciated, singer and material seemed better equated. So the highlights of the first half became "Where are You, Little Star?" Miss Vishnevskaya sustaining her purest tone, touching in the darkness at the song's centre with a light hand, and the extraordinary "Lullaby for Eryomushka."

Though in general tone was well judged for the size of the auditorium—there were none of the moments of excruciating loudness that some singers delight in producing in the Wigmore Hall—the slighter substance of the Glinka songs was occasionally overwhelmed. In "Venetian Night" there was no romantic intimacy, only a big voice struggling vainly to scale itself down, and the clouded tone with which "Doubt" began mistook passion for profundity. But the extrovert "Mazurka" was appropriately vivacious, and "The Lark" twittered and swooped most fetchingly.

Best Book of the Sea Award

King George's Fund for Sailors has announced that it is sponsoring the 1981 Best Book of the Sea Award. The KGFS medallion and a cheque for £500 will be awarded to the author of the non-fiction book first published in the United Kingdom during 1981 which, in the opinion of the judges, contributes most to the knowledge and enjoyment of those who love the sea.

The Award will be presented at the International Boat Show at Earl's Court in January 1982.

Details from Lt-Cdr John Dymock-Maunsell, King George's Fund for Sailors, 1 Chesham Street, London SW1X 8NF. 01-235 2884.

'Children of a Lesser God' to transfer

Following its opening at the Mermaid Theatre, Mark Medoff's Tony Award winning play *Children of a Lesser God*, directed by Gordon Davidson and starring Trevor Eve and Elizabeth Quinn, moves to the Albery Theatre on October 6.

Cinema

Shut the Gate

by NIGEL ANDREWS

Heaven's Gate
The Four Seasons (AA) Plaza 2
Escape to Victory (A) *Odeon Leicester Square*

Michael Cimino's *Heaven's Gate*, a Western of Tolstoyan scope and a bronzed and dusty visual splendour, opens in London next Thursday. If the title sounds familiar to you, well it might. American critics have been spending the last 12 months turning it into the most famous whipping-boy in Hollywood history. Like *Star Trek—The Motion Picture*, *The Blues Brothers* and *1941*, *Heaven's Gate* cost a mighty 35-40m dollars to make. But where those precursors 'scaped whipping, relatively speaking, Cimino's film has been singled out for ultimate chastisement as the ultimate in wasteful extravagance. Something—or many things—in the movie have so clearly rubbed America up the wrong way that even audiences, in rare if not unprecedented accord with the critics, have shunned the film in their thousands.

It's a conundrum supreme: for I will take the witness-stand and claim that *Heaven's Gate* is not merely a fascinating Western but quite possibly the greatest American movie of the last 10 years. Cimino, who made that more-than-a-Vietnam-film *The Deer Hunter*, gives us here more than a Pioneer Era action-epic. Where the first film used the Vietnam War as a mirror held up to modern American society and the dream of American democracy, *Heaven's Gate* uses a bloody cattle-fued in 1890s Wyoming: the "Johnson County War." In an effort to close off the ranges, the powerful Stock Growers Association declared war on the County's farmers, using alleged authority from the State Governor for their "death-list" of 125 men and their violation of the legal land-grant rights of their victims.

Part of the film's unpopularity stems, no doubt, from the fact even in its revised 3¼-hour version (the original print lasted four hours) Cimino does not take short-cuts through the vast span of his story. A 15-minute prologue set in Harvard introduces two of the key characters in their students days: Kris Kristofferson, later to be the Marshal who leads the farmers' struggle, and John Hurt, later to be a sour, Enobarbus-like equivocator on the other side. And the first two-thirds of the movie, out in Wyoming, patiently delineate Kristofferson's romance with brothel-running prostitute Isabella Huppert and his rivalry for her love with the Stock Growers' lead hit?man, pale and sallow Christopher Walken.

Meanwhile, as in *The Deer Hunter*, the ethnic melting-pot of America is drawn in majestic simmering detail as scenes of dancing, partying and multilingual politicking unfurl in the vast County meeting-hall, topped by a billowing Stars-and-Stripes and daubed by the locals "Heaven's Gate."

Only in the final 40-odd minutes does the film move into top action gear as the showdown between farmers and Stock Growers takes place, and amid mud and dust and carnage a battle is waged for a stake in America's freedom and the future of her pluralist democratic dreams.

But throughout its length *Heaven's Gate* has the pulse of an epic, the vision and the density. Vilmos Szigmond's photography, pounding light into mist-and-smoke-wreathed browns and golds, catches a pioneering West where the dust of endeavour and hope never settles.

One reason, I believe, that *Heaven's Gate* has met the same first-impact reception as Griffith's *Intolerance* or Gance's *Napoleon* did in their day—a bewildered and even afronted hostility—is that filmgoers are unprepared for an action epic that dares to deploy a sophisticated language of visual symbolism and rich but elliptical characterisation. Cimino creates a whole network of *leitmotiven*, for example, from one pattern: *the circle*. From the prologue waltz around the great Harvard oak-tree, via the dancing scenes in "*Heaven's Gate*" itself, to the final Indian-style battle, the film is a tale of souring circles and cycles.

Characters in the movie, no less challengingly, are sketched in with swift, lithe visual clues. As Kristofferson and Walken wage their rivalry for Huppert's love, even a suitor's gift has dramatic meaning. Kristofferson, who, unlike Walken won't press his beloved into a commitment-that-binds, gives her a lover's voucher of freedom and mobility: a horse-drawn Studebaker. And beyond the local intricacies of this love-imbroglio, there are suggestions that the fight for Huppert's heart is the battle for America's sole "in miniature." Huppert, at once the entrepreneur and the innocent, in a performance as fresh, supple and spontaneous as the billowing Wyoming plains, is immigrant America personified. She's the human "prize" at stake in the story just as the nation's future is the ideological political prize.

Heaven's Gate is a film so rich that the very complexity of its interweaving shafts and traceries of meaning has worked against its popularity. But see it with open eyes and a mind not sourly preconditioned by others' judgments, and you may enjoy a great movie challenge and the cinematic revelation of the year.

*

Alan Alda's The Four Seasons brings us from the sublime to the sublunary: a chatty, chirpy *chanson à sept* in which three mid-fortyish married couples and one innocent blonde *marriage-breaker* gavotte through the changing seasons in middle-income America, ever more inseparable as the paunches grow, their hair greys, their shared holidays come round and the one Don Juan-ish splinter-case in their midst (*Len Cariou*, who ups and divorces Sandy Dennis for the blonde, Bess Armstrong) puts ants in the other men's pants and a genteel rictus of disapproval *on the women's faces*.

Alda wrote and directed this fair-to-effervescent soap opera, *as well as* playing one of the husbands: a roving-eyed, dyspeptic beanpole with that Alda *duck-quack delivery which* gives a cheerful snap to good lines (of which there are many). While the couples row and romp and reconcile, the camera tends to sit put in plonked-down, TV-style quiescence. (Nary a Cimino-esque arabesque in the whole film). But the script is *sharp and well-seasoned*, and there are sporadic salvoes of emotional truths which hit straight home to hearth and heart. Carol Burnett, Jack Weston and Rita Moreno also star.

*

Escape to Victory, the most egregiously silly sortie into Nazi Germany the cinema has yet given us, is "Match of the Day" meets *Stalag 17*. Ashen-faced supremo Michael Caine (West Ham *and* England) trains a mixed-nation team of POWs for a soccer match against the Germans in Occupied Paris. Sylvester Stallone is goalkeeper, Max Von Sydow is the lantern-*jawed* Nazi *officer who* thinks it's all good for *kameradschaft*, and British officer Daniel *Massey is the brains behind the* escape attempt scheduled to follow the half-time whistle. (*Down through the shower-room* floor, chaps, and into the sewers.) Pele, Bobby Moore, *Ardiles are among the real-life* dribblers who prop up the potty plot, and John Huston, who should know better, directed.

Isabella Huppert and Kris Kristofferson

Turku Festival

Opera from Estonia

by OSSIA TRILLING

The death of Seppo Nummi at the age of 49 has robbed Finnish music of a valuable popular composer and organiser. He founded some of Finland's leading arts festivals, including Savonlinna, Helsinki, Jyväskylä and Turku. But his spirit lives on—not least in Turku, where the cellist Alarik Repo is in charge. This year's highlights included the long-promised visit of the Tallinn Chamber Opera and Orchestra under their conductor Eri Klas, and their chief producer Arne Mikk.

As is so often the case, music theatre in a small country like Estonia began with the amateurs. In Tallinn, after the first ever operatic performance in 1871 of Petenberg's *The Liar Who Tells the Truth*, an amateur group began functioning in 1895, before going professional in 1906.

The first recorded Estonian opera, in 1908, was *The Night Shelter at Granada* by Konradin Kreutzer, the most recent—to be exported—*Cyrano de Bergerac* by Eino Tamberg, with works by Evald Aav, Eugen Kapp, Gustav Ernesak, Villem Kapp, Anatoli Garshnek, and Eduard Tubin, regularly figuring in a wide-ranging international repertoire. Estonia's leading bass, Georg Ots, who died in 1975, gave his name to the singing prize, instituted in 1976, which was awarded to the bass Teo Maiste and the baritone Voldemar Kuslap in that year. *Both singers, accompanied by* the coloratura soprano Anu Kaal, made up the singing trio *in the company's three one-act* operas at the beautiful old Swedish Theatre of Turku.

Kaal and Maiste had already sung in the inaugural concert that Eri Klas conducted at the *Sibelius Hall with considerable* flair, in Shostakovich, Mozart and two Estonian chamber *pieces, by the 49-year-old chair*man of the Estonian Composers' Union, Jaan Rääts, and the 31-year-old Lepo Sumera. Maiste, typical of the Russian school, impressed as the soloist in Shostakovich's *Six Pieces for Bass and Chamber Orchestra*.

Kaal sang the soprano role in Mozart's *Exultate, Jubilate* with technical brilliance and much feeling. Sumera's slender piece, evocative of traditional folklore, was rather overshadowed by the joyful, if hardly inspired, mechanical nature of Rääts' rumbustious five-part Concerto. A popular piece, I was told, throughout the East; it did little to commend the genius of its inventor. Rääts' name will more likely go down in musical history as the opponent of his countryman Arvo Pärt, whose self-chosen exile last year clearly followed on the former's undisguised hostility.

Musical politics apart, the Estonian musicians acquitted themselves splendidly as stage performers. The triple-bill opened with Pergolesi's by now almost hackneyed *La Serva Padrona*, into which Eri Kals and his dozen players, supported by Maiste's jovial Uberto, Kaal's scheming Serpina, and Kuslap's indispensable, silent Vesponse (a born actor, this), breathed fresh life, without ever indulging in extravagant antics, in Ivo Kuusk's production.

This was the company's latest addition to their repertoire, specially rehearsed for their first visit to the West, to join the earlier productions of *Il Maestro di Cappella*, by Cimarosa, staged by Udo Väljaots, and Arne Mikk's eight-year-old, but eternally youthful and witty version of Menotti's *The Telephone*.

The Cimarosa was advertised as an opera, though it was written and is officially classified as an "Intermezzo." The producer, however, had placed the orchestra, together with their "apparent" conductor—a masterful singing and acting *tour de force* by Kuslap—on stage; as a comic vehicle for a singing actor, and for acting instrumentalists, it is virtually unique, and the troupe did its humours proud. A pity, only, that they shed the powdered *wigs of the original Tallinn pro*duction for 1980's costumes.

Arne Mikk had clearly had a *whale of a time staging The Telephone*, and Kaal and Kuslap, polished singing comedians both, as the telephone slave and her frustrated suitor, conveyed both his enthusiasm and the glittering ironies of text and score through their own specific brand of infectious exuberance. The taste of what this exquisite company can do on a small scale, provided by the Turku Festival, has inevitably whetted one's appetite for an acquaintance with their more solid achievements.

Teo Maiste and Ann Kaal

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Public gas and private capital

IT WAS in June, 1980, the the Government announced that a gas-gathering pipeline should be built for the northern North Sea gas and oil fields "as soon as possible." More than a year later, the project is still firmly stuck in a quagmire of indecision, special pleading and hair-splitting about public sector accounting definitions. The *Ministerial meeting convened* this week by the Prime Minister does not appear to have brought the final decision very much nearer, but it is at least being acknowledged that a final resolution of the uncertainties cannot be postponed indefinitely: either the pipeline has to be started quickly or the oil companies must be told that there will be no government-sponsored system—they can make their *own arrangements for piping* gas ashore where this is economically feasible.

Choices

The first and much the most important point to be resolved in making the decision is whether an integrated gas-gathering system is economically desirable. The choice is not, as has sometimes been suggested, between building a pipeline for around £2.7bn and leaving gas worth £25bn in the ground. Even without a gas-gathering system, gas from the large fields would be landed by independent pipelines where the size of gas reserves justified this investment. There is also nothing to prevent numerous oil companies from getting together to build joint pipeline systems to serve several fields. It *is not self-evident* that an integrated system, capable of serving the whole of the northern North Sea, is necessarily the best solution.

It is because the economics of the decision are not entirely cut and dried that three feasibility *studies have been* commissioned over the past five years to determine whether the cost of an integrated pipeline would be justified by the additional gas from small and marginal fields which would not be worth bringing ashore in the absence of such a system.

If the Government still regards the conclusions of the British Gas-Mobil Oil study, on which it based its 1980 announcement, as valid, then it should resolve once and for all that the pipeline will be built. Worries about how the pipeline company must be structured in order to slip through arbitrary definitions of public borrowing must not take precedence over the prospect of a real rate of return of between 5 and 10 per cent.

The one sense in which the question of public versus private sector involvement is of fundamental importance is in the assessment of the economic risk in the project. Oil companies, financial institutions and other private investors have proved harder to draw into a pipeline company than the Government had hoped. If their wariness had been due to doubts about the scheme's potential profitability *then it should certainly* have sent alarm bells ringing in the Treasury.

It seems, however, that there are quite different problems in drawing in private investors at this stage. Oil companies seem to be holding back mainly in the hope of extracting better terms for participation from the Government. In particular, they would like their pipeline investment to be offset against their North Sea tax *liabilities*. It would be pointless for the Treasury to accede to this demand, since it would involve the loss of very large revenues in order to achieve little more than a bookkeeping transfer of the pipeline company from the public to the private sector

The banks' worries about committing themselves to the pipeline are different. They are concerned, firstly, that the pipeline might not be completed at all if the Government finds that it is impossible to transfer ownership to the private sector. Secondly, there is the danger that British Gas might use its statutory monopoly as the only buyer of gas from the North Sea to keep down gas prices so that flow rates through the pipeline would be artificially restricted.

Guarantees

If the banks require guarantees on these two points there is no reason why they should not be given, assuming that the Government is thoroughly convinced of the economic case for building the pipeline. At a later date similar guarantees would in any case be required in order to attract other financial *investors into the pipeline company*. If giving guarantees on a reasonable pricing regime served to diminish the monopoly *power of* British Gas, this would in itself be desirable. In the longer run, a thorough review of the British Gas monopoly would be even better. But a decision on the pipeline cannot await a final resolution of the many arcane problems connected with Government policy towards the North Sea and the public sector.

Soft spots in Europe

THE DUTCH got an agreement on a new government this week and the West Germans got the outline of a budget of some retrenchment for 1982. Both events are steps forward, but these steps may yet prove to have been faltering.

Mr Dries van Agt, head of the outgoing right of centre coalition in The Hague, has become Prime Minister-designate of a new left-of-centre government which may be extremely unstable for both political and personal reasons. The German spending cuts, though agreed between the leaderships of the two parties in Herr Helmut Schmidt's coalition, have yet to undergo the test of parliamentary debate, and are sure to be unpopular with much of the rank and file.

That is not to belittle the achievement of the negotiators from Herr Schmidt's Social Democratic Party and its Free Democratic partners. They have managed to lop DM 17 bn-18bn from government spending which otherwise would have amounted to DM 260bn (about £56bn) next year. They have avoided raising all but a few minor indirect taxes.

Compromise

In the Netherlands the financial outcome is less remarkable. Mr Van Agt had held out for *budget cuts* of Fl4.5bn (about £588m) — which the Central Bank has described as inadequate. Yet he has settled for Fl3bn, and nobody can be sure that even that compromise will stick. Though a budget must be tabled on September 15, it is likely to include some blank *passages and the real fight* will only then begin.

An awareness that the Dutch welfare state has gone too far in its perfection has been spreading even among the Socialists. The country has grown rich on its income from natural gas, but manufacturing *industry has steadily lost com*petitiveness and the gas itself is expected to run out before the end of the century.

Mr Van Agt's position is paradoxical in more senses than one. He will be trying to run a right-of-centre policy with a left-of-centre team. Moreover he is doing so as the result of a parliamentary election in May in which the Socialists, the main party of the Left, were the big losers.

Not only the compromise on fiscal policy looks flimsy. The three coalition partners have swept under the carpet what may be the hottest issue in Dutch politics: whether to tolerate Nato's intention to station 48 cruise missiles and two Pershings on their soil. Mr Van Agt's Christian Democrats, a *centre party, are least* critical, whereas the Socialists are flatly against the nuclear weapons. The third partner, the Democrats 66, are prepared to reconsider their opposition if the Russians rebuff a serious attempt to control the level of nuclear armament in Europe.

That same issue also remains *to be settled in West Germany*. Herr Schmidt and the leader of the Free Democrats, Herr Hans-Dietrich Genscher, firmly support Nato's decision to deploy these weapons unless an agreement on control can be reached *with Moscow. But in both cases* their followers are divided. Herr Schmidt has even threatened to resign if his party's congress next April votes against the Nato line, as may well happen. Beyond that, the congress may disown Herr Schmidt's refusal to boost public expenditure as a measure of reflation.

Weapons

Neither Herr Schmidt's task, nor that of Mr Van Agt, has been made easier by President Reagan's decision to go ahead *with the neutron bomb. This has* immeasurably strengthened the hands of the anti-nuclear forces in Europe. The damage can only be repaired if Washington proves serious in its intention to open talks with Moscow on the control of nuclear arms—including eventually the Salt talks on controlling *the much* bigger strategic weapons.

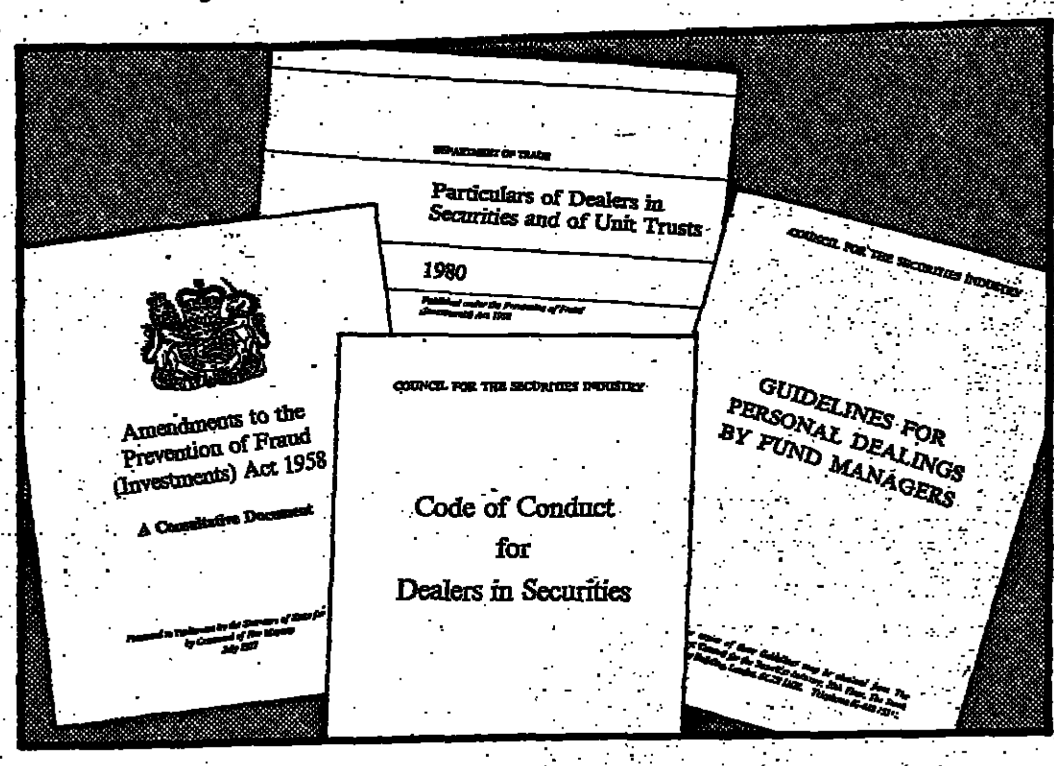
The nuclear debate is causing serious difficulties to the Government of the Netherlands and, more critically, that of West Germany. That is a matter of grave concern for the future of the alliance.

UK INVESTMENT MANAGEMENT

Birth pangs of a new code

By Christine Moir

All you need to get a government licence to handle other people's money in Britain is a clean police record, two testimonials and £500. *Now, after several investment management* groups have collapsed, the City and the Government are urgently looking at new ways to regulate investment managers. This could *yet mean a new code* which would have far-reaching implications for the Square Mile.



EVERY SO often the faint but continuous rumble of malpractice behind the City's multiplicity of financial institutions resolves itself into a single noisy and identifiable theme.

Twenty years ago some corporate takeover battles were conducted in a jungle where sharp wits and fast footwork were all that mattered. But *finally observers* and practitioners alike were sickened by the process. Out of their distaste was born the City Code on Takeovers and Mergers, and the Takeover Panel—now 12 years old—which administers it.

Now it is the actions of a very small group of investment managers which have created a climate of scandal that is almost certain to lead to another important City code. For the *fact is that it is easier* to get a Department of Trade licence to look after other people's money than to be qualified to drive and own a car. Present legislation regulating these managers, is "a shambles" says Mr Nicholas Goodison, chairman of the Stock Exchange.

In the past few months there have been a series of problems all involving professionals who handle other people's *money*. The fall-out could have profound consequences for the City—from merchant bankers to *insurance brokers—in the* years ahead. But there are formidable problems in creating effective regulation in such a diverse sector.

It is not uncommon for a stockbroking firm to be "hammered" on the Stock Exchange. But when Hedderwick Stirling Grumbar collapsed in April, the cause of its downfall was its dealings with Farrington Stead, a small Manchester investment management firm now in liquidation, which specialised in gilt-edged dealings for clients.

At about the same time another investment management group, Norton Warburg, collapsed with a deficit of £2.5m *and a visit from the Fraud* Squad.

Shortly afterwards the Stock Exchange took the unprece*dented step of suspending* an entire firm of stockbrokers, Halliday Simpson, and announced a far-ranging inquiry *into its relationship with* professional investment managers.

The exchange's investigation began after the Chieftain unit trust group had sacked its senior investment manager after studying his personal dealings. It is still continuing but already Sir Trevor Dawson, senior investment manager of Arbuthnot Latham, the merchant bank, has resigned.

In a separate case last month the two principals of Miller Carnegie, a year-old organisation which specialised in buying commodity and futures options for clients, were arrested on charges of fraud.

The individual scandals or investigations came as distinct *shocks* but the City had for some time been forecasting the climate in which they could occur.

Professional investment *management has* been changing significantly over the past two decades. Government has passed legislation to cover *specific areas*, such as unit trusts or banks, but throughout this period of climatic change in investment management it has never overhauled the umbrella *legislation which purports to* control the management of other people's money.

Nowhere in legislation is the word "investment" defined, although the single Act which tries to cover the field is called The Prevention of Fraud (Investments) Act.

The Act officially dates from 1958, but it is basically a prewar measure designed to prevent fringe share dealers from falsely pushing up the value of shares and selling them at inflated prices. Not only is it aged but it is also in effect toothless.

Its main controlling weapon is the licence required by dealers in securities. Stock*brokers, banks and authorised* unit trust do not have to hold a Department of Trade licence to deal in securities because their *conduct is controlled by other* regulations. Everyone else who deals for a third party does have to hold a licence. But all the *applicant has to do is to* produce a couple of character testimonials, a clean police record sheet, and £500. Supervision thereafter is non-existent, and the only penalty for bad behaviour is withdrawal of the licence.

Each of the current crop of investment managers who has hit problems either held a dealer's licence when he went under, or, in at least one case, was operating without one.

A recent study by the London-based Financial Intelligence and Research uncovered some organisations which obtained or renewed licences although they had not filed accounts for several years, or had filed *accounts with missing, unsigned* or heavily qualified auditors' certificates. Others were in the process of being wound up by *one section of the Department* of Trade when they were winning their licences by another.

Control of the investment industry, like so many of the City's financial sectors, is finely balanced between legislation and self-regulation by non-*statutory bodies like the Stock* Exchange. But for years the Government has stalled over fresh legislation for investment

MR PATRICK NEILL
need for a reappraisal

PROFESSOR JIM GOWER
a new framework

managers while the City authorities began to strengthen their *non-statutory influence* over them.

In 1978 the Bank of England set up the Council for the *Securities Industry* as the ultimate City watchdog. It reserved one seat on the CSI for licensed dealers and then *positively cajoled the leading* firms of independent investment managers into forming an Association of Licensed Dealers in Securities (ALDS).

Within a brief space the CSI had adopted the ALDS' Code of Conduct for Dealers in *Securities. That was published* in May last year. In March this year the CSI added a further document: Guidelines for *Personal Dealings by Fund* Managers.

Throughout this time the CSI, the Stock Exchange, and the ALDS all kept up the pressure *on government for a review of* the PFI Act. Mr Patrick Neill, chairman of the CSI, ended his June annual statement with the *sentence*: "Of the important tasks that lie ahead I would single out the urgent need for a reappraisal of the legislative regime under which licensed dealers and investment *managers now operate*."

This concerted pressure plus the shock waves from the recent scandals, finally breached the dam. In late July the Government was forced to appoint Professor Jim Gower to study the field of investment manage*ment* and "*to recommend* proposals for a new legislative framework of protection for investors in securities and other *forms of property*." In particular he is to see whether there is a need for "statutory control of dealers in securities, *investment* consultants and investment managers."

This unexpected move by the Government threw the ball *back into the City's court*. Professor Gower's brief requires him to investigate the traditional balance between the statutory and self-regulatory *mechanisms of the* securities industry. The CSI is only too clearly aware of the implications of such a study just as it is aware that Professor Gower—chief legal adviser to the Department—will need expert guidance if he is to produce a legislative framework relevant to the *actual practice* of investment management which would control without crippling it.

The CSI's initial response to the problem, however, shows just how far even the City is from a consensus of what needs to be done by the non-statutory authorities.

It is currently circulating a document to a limited number of investment managers within merchant banks and licensed dealer organisations which is headed "Rules for Investment Management."

The document lists 46 specific rules which lay down the terms on which investors should hand over discretion to an investment manager. They cover in minute and often repetitive detail such questions as a management contract, the provision of a whole range of financial information to the client, the financial accounting procedures within the investment organisation and the way in which fees should be obtained.

The document has already come in for considerable abuse. Some licensed dealers have said bluntly that the cost of complying with *the provisions would* drive them out of business. The merchant banks are insulted by the detailed information which the document thinks it necessary to provide clients, find the accounting procedures irrelevant and are adamant that the subject of fees should be confidential.

The document is only a first stab at putting ideas on paper. It will go through many drafts before the suggestions made in it are laid before Professor Gower.

But even when those problems have been resolved the City is confused about the purpose of the document and its status. Given its title and origin the document looks like the beginnings of a City Code for investment management. But the CSI's executive denies that it has that status and says that it is intended only as an *aide memoire* for the Department of Trade which has promised to tighten up on the licensed dealers' rules within the existing PFI Act as an interim measure.

However, the ALDS, which has only 60 members out of about 300 licence holders, has already counterclaimed that there is no justification for the rules to be imposed only on licensed dealers. The recent scandals, the association points out, have embraced stockbrokers, unit trust managers, and even one accepting house.

In any case even if the Department of Trade were to adopt the rules it could not police them. They are highly detailed (*over-detailed* many think) and urge such positive policing as surprise independent audits of investment managers' *accounts*.

But the Department of Trade has neither the manpower for this nor is it structured along *the lines*, say, of the Securities and Exchange Commission in the U.S., which undertakes the day-to-day control of the markets.

Sir Alexander Johnston, deputy chairman of the CSI agrees that the Department of Trade would be "in some difficulty" if that role were thrust upon it. It has certainly shown no sign of volunteering for the role.

But for the present the CSI seems reluctant to assume the mantle. Sir Alexander attributes the success of the Takeover Code to the fact that it seeks to control a small body of merchant banks and stockbrokers which operates for the most part within the Square Mile.

Investment managers are a much less homogeneous group and the direct non-statutory pressure that could be put on them would be so much the less powerful, he fears.

However, similar problems were raised before the formation of the Takeover Code. The private opinion of leading investment managers is that sooner or later an investment management code will have to be hammered out and administered within the self-regulatory sector. Part of its skeleton, they point out, already exists in the Licensed Dealers' Code and the personal dealings guidelines.

Like those codes the new draft is highly detailed, so detailed, some of the investment managers think, that it could cripple proper businesses while failing to trap fly-by-night operations. Instead, a growing number favour a set of general principles to which would be added a few specific prohibitions and imperatives. Thus would the City find itself with a major new Code.

MEN AND MATTERS

'arrowing time for Archer

One of the most harassed men in Southern Africa this week was *Jasper Archer, a director* of Charles Barker Lyons, the London public relations consultants. "I still have a twinkle in my eye, *but it's getting rather* dull," Archer said on Wednesday, when his assignment still had several days to run.

Charles Barker was appointed by the Government of Swaziland to publicise King Sobhua's Diamond Jubilee. The celebrations, attended by Princess Margaret and a handful of African heads of state, reach a climax today with a trooping of the colour ceremony at a *dusty stadium outside Mbabane*, the country's capital.

Archer, who had never been to Africa before, made the serious mistake of assuming that the Swazi government would be no different to his other clients — which include Coutts Bank, Save and Prosper, and Pilkingtons. He arrived in Mbabane a mere week before the celebrations, expecting that his word would be the Swazis' command.

Not so. Besides the usual third world hassles of late or cancelled meetings, broken promises and often rather basic facilities, Archer has had to cope with the police force whose idea of public relations is a little out of the ordinary.

The police happily issued press cards to officials of the local health ministry, the Seventh Day Adventists and almost anyone else who was prepared to wait for hours—and in some cases days—for the chief of intelligence's signature.

By the time CBS, ITV and a *German television crew had* arrived at police headquarters, the intelligence chief had decided that too many cards had been issued. It was in the Press's own interest, one of his men patiently explained, that no more cards should be handed out. Issuing more would mean

"But remember, you've got to finish in that order!"

that people who already had cards would not get a good view of the celebrations.

By the middle of the week, journalists were in any case wondering whether accreditation was worthwhile. At the Reed Dance, a colourful performance by about 5,000 scantily clad Swazi maidens, police showed pressmen out of the arena, insisting that their cards merely *entitled them to join the rest of* the public behind makeshift fences.

The police and the press *came close to blows on Wednes*day when photographers were turned away from the King's palace as visiting delegations were presenting their respects to the 82-year-old monarch.

Dogged Jasper Archer had, meanwhile, won a major victory: a "semi-arrangement" to allow *two or three photographers to* attend the state banquet at Swaziland's casino.

But the journalists had had enough. The news that South African forces had captured a Russian soldier in Angola was the perfect excuse for many to get out of Swaziland. Archer was in no mood to discourage them.

"*I don't care if the king* wears the Admiral of the Fleet's uniform on Friday," he told one reporter wondering whether the head of state of landlocked Swaziland would be in tribal dress.

Archer insists, however, that his English cool is still intact. "Say that I'm harassed but calm," he told my man with the cleft stick and safari suit, "otherwise my colleagues in London may laugh at me."

Misgivings

A waspish newspaper columnist has dealt a painful blow to the plans which Mexican president Jose Lopez Portillo *was harbouring for his* retirement years.

Going one up on the common-or garden gold watch, a group of the President's friends had been planning to present him with a £1.3m ranch as a farewell tribute next year. Until, that was, columnist Miguel Angel Granados asked whether the money to buy the ranch would come from public or private pockets.

The gift was, he pointed out, the idea of the Governor of the state of Mexico; and such a donation would, he continued, grate with the millions of Mexicans living in dire poverty.

The President responded quickly, on private notepaper, *telling the journalist* that he had decided as a result of the article to turn down the offer of an "ideal refuge for a man without a future in Mexico—an ex-president."

There is more than a little truth in Lopez Portillo's grim outlook since, while Mexican presidents rule like monarchs during their six years of office they cannot seek re-election and are expected to take very much of a back seat in national life. Lopez Portillo's predecessor went into self-imposed exile at the end of his term, taking for a time a post of very minor importance as ambassador to Australia.

The present incumbent says that his retirement ambitions comprise no more than to paint, write, and grow a beard. In the absence of a 60-acre ranch on which to carry out that programme, he is now looking for another refuge.

Hogg's back

More news of Dorothy Hogg, country-and-western-singing wife of Mastercard president Russell Hogg. Under her alias "Sunny Russell," she has now, I learn, made her debut in the hills of West Virginia. The audience—the Board of directors of Mastercard, assembled in a comfortable mountain lodge retreat.

Husband Russell assures me that her rocking bluegrass *rhythms left* the crowd crying out for more. But he has not, as far as I can ascertain, yet taken the step of accompanying her on stage himself. It can only be a matter of time.

Swallow tale

One man prepared to put his money where his mouth is, and a good many other things besides, is 22-year-old Nigerian Lateef Daramolas, who underwent surgery this week after being admitted to hospital for a distended *stomach*.

Doctors who opened up the human treasure trove discovered in Daramolas's innards a cache of coins, broken bottles, a ring, a wristwatch band, an earring, a nail clipper, safety pins, 32 different keys, and a padlock.

They also serve

"Love means nothing to tennis players."—*graffito*.

Observer

مكتبة منبر الأحرار

POLITICS TODAY

Do the people have anything to say?

REFERENDUMS are back, at least in so far as they have ever been out.

It is not only the vote in Coventry last week on higher rates or cuts in public services. We *should* also be grateful to Mr Vernon Bogdanor for *reminding* us in *his* new book, "The People and the Party System,*" that *both referendums* and proportional representation *have formed* an important part of the political debate in the past. They have done so particularly at times of intense political change: for example, in the second half of the nineteenth century when Britain was moving towards universal suffrage.

My guess is that they will do so again as we face the consequences of the rise of the Social Democrat Party and its putative alliance with the Liberals. Mr David Steel, the Liberal Party leader, was repeating his commitment to the *introduction of PR after the* next election on television only last Sunday.

Anyway, Coventry first. The referendum came about, as so often, because those in power were divided. The council did not know whether to meet the Government's demand for reduced expenditure by cutting services or raising rates, so it arranged to put the issue to the people. In much the same way, a Labour Government asked the people to have their say on British membership of the European Community in 1975.

The result was not binding, either in the national referendum six years ago or in Coventry last week. It never is, because ultimately sovereignty always lies with *Parliament* or, in this case, the local council.

In Coventry only about 25 per cent of the people voted. Does that mean, *therefore, that* the vote was not representative? You can argue it either way. The turn-out was not all that low by the standards of local elections. But *three-quarters of* the electorate stayed at home. *Should you therefore ignore the* verdict of those who did vote? After all, you do not have to vote as a way of showing that you participate in a democracy. You can listen to the arguments and still choose to stay away.

There is another point which is relevant to all referendums as we have known them in Britain. It concerns the nature of the question put. In Coventry people were asked to express a preference between higher rates or reduced services. No other choices were offered such as, for instance, opting for a local income tax.

A similar oversimplification occurred in the referendum which took place in Northern Ireland in 1973. Two questions were *asked*: "*Do* you want Northern Ireland to remain part

The result was not binding. Sovereignty lies with Parliament

of the United Kingdom?" and "Do you want Northern Ireland to be joined with the Irish Republic outside the United *Kingdom?*" *Perhaps not surprisingly*, only 0.6 per cent of the electorate, in a turn-out of 58.6 per cent, voted in favour of joining with the Republic at the price of separation from the UK.

Yet the responses might have been different if other questions had been put: for example: "Do you want Northern Ireland to maintain its links with the UK while increasing its *ties with the Irish Republic?*" In other words, the Northern Ireland referendum—there is *statutory provision for another* in 1983—offered a severely *limited range of options.*

It was much the same in Coventry. An altogether more sophisticated question might have been: "Do you approve of the present rating system as a means of helping to finance local services and, if not, what would you like in its place?" For that is really what the whole question is about. The existing rating system is breaking down and we need *to find* an *alternative.*

Of course, this is a matter for central, not local, government. But the fact remains that quite frequently central government, *whether Labour or Conservative*, is unable to make up its *mind or reach an agreement.* Sometimes therefore it has recourse to asking the people directly, even if there is then room for doubt about what the people have actually said.

The quarter of the electorate that voted in the Coventry referendum opted against a further increase in rates in order to maintain services by a majority *of over seven* to one. Yet you could say—some people *are saying—that only* the ratepayers voted. They are probably educated, articulate, middle-class and less in need of the public services than the people who stayed away.

But you could also say that a majority is a majority, and that means a majority of those who bother to vote. Thus the 53,720 citizens of Coventry who *declared themselves against an* increase in rates should have their preference respected.

In practice, we are no further *forward, just as the referendum* on the Common Market did not, after all, put an end to the argument about British membership.

Yet it still seems worth examining why the question of

The Common Market vote—Britain's only modern referendum

referendums *keeps* cropping up in British politics. Two related factors stand out. One is that British political parties are rarely the monoliths that they sometimes pretend to be. The other is that there is a whole range of issues on which the *stand that it is possible to take* does not fit into any obvious *category of* Left or Right, Labour or Conservative, liberal (or Liberal) or radical, even if we could agree on what those terms are supposed to mean.

Over time, the protagonists of the case for a referendum on a particular issue have included Tory free traders, *Tory protectionists and Winston* Churchill, who suggested in May 1945, that there might be a *referendum on* whether the wartime coalition should be *continued* and *the life of the* then Parliament further prolonged until the end of the war with Japan.

Even Mrs Thatcher—not the arch-proponent of constitutional change—toyed with the idea of a referendum if the country were up against another miners' strike. That was in a famous television interview in 1977. She may come back to it.

So the resort to the referendum, or at least the call for it, has been at most an expedient so far. It has also been essentially against the major political parties, an attempt to appeal to the people over the heads of the political establishment. That was why *Joseph Chamberlain* called for a popular vote on *tariff reform in the opening* years of this century; much of the Conservative Party was against it. He thought he might win by using the referendum to separate that issue from others. Is protectionism a left-wing or a right-wing cause today?

In the same way, Mr Tony Benn advocated the referendum on the Common Market because he saw it as a device to get *round* the major political leaders.

Yet *there is also a paradox.* The Common Market referendum was actually won by the political establishment lining up together, across party lines, to persuade the people to vote in favour of staying in. Thus referendums can be used to reinforce the *status quo*, as well as to *challenge it.*

In short, the use of the referendum in Britain appears to have resolved nothing, except perhaps to gain time for a party in internal difficulties like *Labour over the European* Community or even Coventry Council over rates and services. The notable fact is that the demand for it recurs.

My own theory, only somewhat borne out by Mr. Bogdanor's excellent book, is that the demand for constitutional change—whether referendums, PR, a Bill of Rights, a reformed House of Lords or whatever—is at its height when other changes are already taking place.

Thus, it was natural that people should have talked about referendums in the early years of the 20th century because the Liberal Government of the time was challenging the powers of the Lords. If those powers were to be diminished, it was reasonable to call for something—possibly the referendum—to be put in their place.

Again, when we were advancing to a wider franchise in the 19th century, it was natural that some people should call

The party represents politics catching up with social change

for PR. The argument was essentially elitist, but we should not judge the past with the slogans of the present. It held that if the uneducated were to be given the vote, they should be given proportionally less say than the educated.

One wonders sometimes how much has changed. Mr Bogdanor reminds us of the Gladstone-MacDonald pact of 1903 under which the Liberals and *the Labour Party* agreed not to encroach on each other's territory in elections. Shades of the Liberals and the SDP today! The Liberals then were rather snooty about the upstart Labour Party, and subsequently paid the price.

Yet what happened after 1931 was that British politics broadly settled down on a class basis. Most people were either Tory or Labour. You were either capitalist or aspiring capitalist, or working-class. You knew your place. There were very few floating voters. *Questions* of how to modify the constitu*tional system hardly arose.*

As Lord Malmesbury had put it, when opposing PR as early as 1867: "The mind of an Englishman is a very straightforward piece of machinery, and I *may say he generally puts* the question in black and white. *Upon the subject of discussion* he is accustomed, and has been *accustomed*, ever to obey majorities, to be ruled by *majorities*, and to be obedient to the decisions and verdicts of majorities."

That sort of consensus, which *was the basis of* British politics for many years, has now broken *down*. It is no longer clear what is Left or Right, or black and white, Tory, Whig, Labour or Liberal. It is no longer even clear what constitutes a majority. The class basis of British politics is being eroded.

And that is also one of the reasons which explains the rise of the SDP and which suggests that constitutional questions will *again come back under discussion*. The new party represents politics catching up with social change.

The great Liberal *reformist* Government of 1906 controlled 397 seats in the House of Commons. Yet the Liberals' percentage of the vote entitled them to only 285. The Liberals did not then press ahead with PR or with referendums.

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Malcolm Rutherford

Letters to the Editor

Incentives for redevelopment

From Mr D. King

Sir,—Many of the factories and warehouses *now coming on* to the market are unsuitable for modern industry and could be a drag on the future economic well-being of the industrial base of this country. This is evidenced by the fact that in some cases the factories have been designed for a *specific use, such as heavy* engineering, and there is a lack of current potential users whereas in other cases premises vacated are worn out and unsuitable for re-occupation.

Consideration should therefore be given to finding an acceptable incentive to secure the demolition of the substandard industrial buildings. These *buildings inhibit industrial efficiency*, are wasteful of *energy, have either too low or* too great an internal height for modern requirements. Sites are often over-developed with unacceptable fire risks and have poor site layout, loading, parking, or access, to say nothing of sub-standard construction.

Action is required to encourage *redevelopment* and while governments have gone a long way to achieve new building by giving industrial building allowances—recently increased to an initial 75 per cent of the cost—there is no incentive to demolish old buildings, except by developers where economic factors justify this because of high land values.

Some form of incentive should be considered based possibly on a multiplier of the rateable value or an allocation of funds provided specifically for this purpose for a trial period to a small expert team to acquire, demolish and redevelop with private sector *cooperation if necessary.* I *don't* think the methods matter so much as achieving the result.

D. J. King.
1, *Snow Hill, EC1.*

Unmotivated managers

From the Chairman, Wagon Industrial Holdings

Sir,—I have read Mr G. C. Flegehen's letter (September 2) but not his book. I suspect he is right in claiming that many senior British managers are not unduly motivated by monetary rewards. They are also not motivated to be entrepreneurial, ambitious, thrusting or highly trained and skilled professionals. Isn't that precisely one of our main *problems?*

Peter Kinnear.
Wagon Industrial Holdings,
Haldane House,
Halesfield, Telford,
Shropshire.

Job-displacing imports

From Mr P. Cruttwell

Sir,—*Mr Stammers* makes a good point (September 1) concerning *the loss of jobs* to the British motor industry caused by the *importation* of Russian Ladas.

It is not, however, simply a matter of job-displacing imports—after all, Japanese *or* German cars do the same thing.

More to the point is that these Ladas are a clear case of *dumping in the GATT sense.* See how many man-months are required *to buy such* a car in Russia and, as we ponder whether to buy Russian or British/Western, let us reflect upon the subversive and inhumane uses to which the Russian Government puts the proceeds from these job-displacing imports.

Peter Cruttwell.
Av. Peschier 22,
1206 Geneva.

The Companies Bill

From Mr P. Lawson

Sir,—It is surely strange in *the days of ever-increasing information* to find that a section *of the* community will have the demands upon it cut, when Government and large industries are constantly being assailed to provide more data. I refer to the Companies Bill and disclosure. It is recognised that *those wishing* to have access to this information are limited, but *this is, however, true of most* information. My experience is that information recorded at Companies House is of minimal use and I find it difficult to believe that competitors can extract the information on margins as has been alleged, as in many instances turnover is not disclosed.

Recourse to the owner-*manager* frequently produces a Victorian response as if questioning his credit standing is an insult akin to the ability to drive a motor car. When provided it is, as has already been stated, often out of date, and the concept of management accounting, cash flow and other *business techniques have* not permeated this stratum of business to the extent which is necessary today.

Recourse to Companies House is often of little use as the information filed thereon is fre*quently far out of date*, and therefore of little value. The *Registrar of Companies seems* to have made little progress in bringing returns up to date despite the frequent protestations that this is so.

The accountancy profession itself must bear some of the *responsibility for these problems.* Whether it is through *lack of desire, or lack of expertise*, financial education does not appear to be spread abroad by those in practice who serve to audit small businesses. Do not leave this process to purveyors of micro-computers, who will present the micro-processor as a panacea to all problems. If Mrs *Thatcher's aspirations* are to be achieved this must be necessary *if companies* are to succeed and survive in today's rapidly *changing business climate.* The cry of "who will pay for it?" will *immediately* be heard. Dare I say that the shoal of liquida*tions (running approximately at* the rate of 18,000 per annum *currently* I understand) is partly due to badly run businesses, the vast majority in this very category, small owner-*managed.* No doubt many creditors will see little or nothing *from* these companies which have limited liability. Arguably, this is their own making as credit has been too freely given by trade creditors and those in the instalment credit industry.

There must be a duty of the owner-manager to ensure that every reasonable step is taken to ensure his operation is viable and properly capitalised and run as a business which has moral overtones. These high objectives are frequently not considered and it is naive to think that limited liability is *taken, in many instances, for* any other reason than to avoid personal responsibility for debts: little or no risk being taken by the owner-manager. I note data in a recent publication which quoted a statistic of between 55 per cent and 65 per cent of new businesses failing *in the first four to five years*, hardly encouraging for prospective creditors.

Banks too have a role to play for they are in the position of being able to encourage appropriate internal information systems at the stage loan or overdraft facilities are granted. *Moreover*, their *relationship* should be one which enables a frequent monitoring process to occur to ensure requirements are being met. The approach must serve to aid industry and commerce in a "listening and watching" role which will help the country as a whole.

P. B. Lawson.
28a, Nightingale Road,
Bushey, Herts.

Transferring money

From Mr R. Howard

Sir,—Why does it take such a long time for a sum of money to be transferred from one bank to another by what is called, euphemistically, "telex-transfer"? Woe betide the *novice who might suppose* the use of the word "telex" to connote something technologically exciting and swift. Far from it. In two recent cases with which I have been involved it took five hours for a certain sum to be transferred from a branch of bank A in Edinburgh to a *branch of bank B in London*, and almost the same time to transfer another sum from a branch of bank C in Kingston-upon-Thames to the same branch of bank B in London. Regrettably these *are* not *isolated examples of dilatoriness*—but are in fact about average *time for the course.*

Every practising solicitor concerned with domestic house purchase transactions goes through agony after agony of irritation and frustration, sometimes inducing despair and even near-hysteria, as the spectre of one of his clients being left *in* the front garden of his new house with three hungry kids and a pregnant wife and the furniture all piled up in the road outside because the removal men cannot wait any longer as night approaches becomes a real possibility. And why? Simply because for all its computers *and micro-chips* the banking system towards the end of the *20th century has not yet* developed a system for trans*ferring a sum of money quickly* from one point to another. *When we complain we are told* that the money has to go *through the head office* of the remitting bank and the head *office* of the receiving bank before it reaches its ultimate destination.

Why, pray, cannot the remitting bank simply telex the receiving branch, be it of the same bank or of another, that it holds the sum of X thousand pounds on behalf of its customer Mr X and wishes the receiving branch to credit that same sum to the account of their customer Mr Y? Even if for reasons which are not readily apparent the money has to go through the two head offices, *why does* it take hours and hours for three telexes to be sent, each of which could actually be done in about 30 seconds?

The legal profession is often blamed for its tardiness and its *slowness to adapt to changing* circumstances but in this instance the banking system is failing to provide its customers with what they need. When is something going to be done about it?

Robin Howard.
51, Lincoln's Inn Fields, WC2.

Added banking services

From Mr W. Grey

Sir,—Why is it that UK banks cannot introduce something like the American automatic transfer *system whereby current account* balances are automatically topped up to the charges-exempt minimum from funds held on (relatively low interest-bearing) deposit account with the same bank?

If such a hybrid current-cum-deposit account system is too much work, could they not pay some interest, however low, *either on all current account* credit balances or, at all events, on those in excess of the charges-exempt minimum by way of "compensation"?

If UK banks are genuinely concerned about the great unbanked British public, competition from outsiders and per*haps even their own image*, these and other questions recently raised in your columns surely merit, if not a positive response, at least a reasoned answer.

W. Grey.
12, Arden Road, Finchley, N3.

Deferred state pensions

From Mr J. Jacobi

Sir,—I feel that you should correct the impression given in Mr Eric Short's article (August 22) "When you want to stay."

Mr Short praises the state scheme as being "more accommodating" to employees who continue to work between ages of 65 and 70 than some private company schemes.

The facts are somewhat different: The 7.43 per cent increase in pension quoted by Mr Short in no way covers either current interest rates, or diminished life expectancy.

As Mr Short says a man at 65 gets a basic *pension of £29.60* per week (as of November 1981). *If he continues to work* he has no option but to defer and will be rewarded at age 70 with the princely sum of £40.59 per week.

I have obtained from a highly respected life assurance society its current rates for annuities at ages 65 and 70, payable monthly in arrears, no guaranteed period and no return on death during the deferred period. The figures are £176.89 and £322.74 per thousand respectively.

By forcing a man who continues to work until 70 to defer his state pension, the Government pockets no less than £2,162 in each individual case, namely the difference in the capitalised value of the two annuities.

To me this appears like a downright swindle. Are these figures widely known? If not, should they be so known?

Where a man at 65 continues to be employed by his own little family firm he is in *addition* liable for the employer's national insurance contribution, currently 13.5 per cent of salary. *Is this fair?*

J. S. Jacobi.
336, Hagley Road,
Stourbridge,
West Midlands.

Today's Events

GENERAL

UK: *Union delegates from* Ford Motor plants meet to fix *this year's pay and conditions* claim.

Second and final day of Mrs Margaret Thatcher's visit to Scotland.

Statement by Association of Chief Police Officers.

Institution of Highway Engineers publishes guidelines on "Lorry Management Schemes—Assessment — Procedures — Implementation."

Overseas: Russians begin week of land and sea military manoeuvres close to Polish border.

Mr David Howell, Secretary for Energy, continues visit to Japan.

COMPANY RESULTS

Interim figures: Robinson Bros. (*Ryders Green*).

COMPANY MEETINGS

Audiotronic Holdings, Great Eastern Hotel, Liverpool Street, EC, 12.00. John Brown, 4, The Sanctuary, Westminster, SW, 12.30. Caird (Dundee), 195, Hawkhill, Dundee, 12.00. Celestion Industries, Brown's Hotel, Dover Street, W, 12.00. Electrocomponents, Great Eastern Hotel, Liverpool Street, EC, 12.00. Inchcape, Baltic Exchange, 14-20, St Mary Axe, EC, 12.00. Marston Thompson and Evershed, Shobnall Road, Burton-on-Trent, 11.30. Stroud Riley Drummond, Bankfield Hotel, Bingley, 11.30.

SPORT

Racing: Haydock and Kempton.

Golf: European Open Championship, Royal Liverpool.

Snooker: Jameson Whiskey *International*, Stockport.

Water-skiing: World Cham*pionships*, Thorpe Park, Surrey.

Tennis: Wimbledon Junior Championships, All-England Club, Wimbledon.

OVERSEAS SPORTS

World Cup Athletics meeting, Rome—European team includes Sebastian Coe, Steve Ovett, Alan Wells and David Jenkins.

£170m downturn in BP's second quarter net income

BECAUSE OF losses in oil refining and marketing, and in chemicals, throughout Europe, as a result of the rapid rise in the value of the dollar, net income of the **British Petroleum Company** dropped from £371m to £201m for the second quarter of 1981, leaving the first-half figure well behind at £596m against £876m.

Net income for the whole of 1980 was £1.44bn.

When the strength of the dollar and other inflationary effects are taken into account, the result is a current loss of £33m for the second quarter of 1981, compared with a £128m profit.

Sales and operating revenue rose from a historic £6.26bn to £7.02bn for the April-June period, lifting the six months' figure by 8.2 per cent to £13.79bn (£12.75bn).

Of the second quarter net income, the group's U.S. affiliate Sohio contributed £140m, against £96m previously.

Income from BP's oil fields in the North Sea and Alaska suffered from higher taxes in the quarter, and the losses from manufacturing and marketing oil and chemicals products in Europe increased as trading conditions further deteriorated, the directors state.

The oil market has improved since June, although with demand in Western Europe down by about 10 per cent this year, the group is still not recovering the cost of replacing the oil it sells.

However, a major drive to reduce costs has already seen the shedding of some unprofitable trade, the reduction of oil stocks by 5m tonnes to release £600m, and the announced closure of the Kent refinery.

BP's capital spending is now running at nearly twice last year's rate—£1.24bn for the first half. Much of the extra money *is being spent on oil exploration* and production, particularly in the North Sea and the U.S.

Investment by the coal and minerals businesses reached £82m, £57m above the first half of last year, as the development of reserves gathered pace.

The strengthening of the dollar against all other currencies during the second quarter had a marked impact on the results. While the group cost of oil was reduced slightly in dollar terms, costs expressed in local currencies increased substantially and were only partially recovered in the market.

These losses were mitigated to a limited extent by the strengthening of the dollar by 14 per cent against sterling, which resulted in an exchange gain of £45m arising from dollar cash holdings and the translation of overseas profits, largely in Sohio, directors say.

Production was slightly below the levels achieved in the same period last year; the group's share of North Sea oil averaged 496,000 barrels per day while Sohio's share of Alaskan oil was some 797,000 barrels per day for the quarter. The contribution to income from production activities improved by comparison with the first quarter mainly as a result of the stronger dollar.

Capitalised exploration expenditure written off during the six months, principally in North America and the North Sea, was £133m (£74m).

Trading conditions in European oil markets became increasingly severe, the directors state. Sales of oil products were 9 per cent lower than last year reflecting both the continuing fall in demand, especially for heating and furnace oils, and some selective reductions in European trade.

Supplies of crude oil were in substantial surplus and in Europe inland prices failed to recover the group's replacement costs of supply particularly in the face of further strengthening of the dollar.

The loss incurred in the second quarter by chemical operations outside Sohio was £53m compared with £36m in the first quarter; this *deterioration* was mainly due to higher feedstock costs. A major programme of cost reduction is being carried out, they add.

Operating results in minerals, cola and other developing business continued to be affected by the worldwide recession.

Second quarter, and first half, operating profits were £673m (£935m) and £1.56bn (£1.98bn) —after petroleum revenue tax and production taxes of £506m *(£565m) and £1.07bn (£970m)*— and were split by activity as to: exploration and production £773m (£586m) and £1.43bn (£1.16bn); oil trading £56m loss (£345m *profit) and £218m profit (£784m)*; chemicals £39m loss (£14m) and £71m loss (£13m profit); minerals £5m loss (£2m) and £4m loss (£2m); coal £6m loss (£2m profit) and £5m loss *(£5m profit); other* £6m profit (£18m) and £12m (£24m).

The interim dividend is maintained at 6.25p net per 25p share, on capital increased by the rights issue and the directors hope to pay not less than last year's total of 20.25p for 1981. Earnings per share are *shown as 36.7p* (55.4p) at the halfway stage—on a CCA basis they are given as a 1.4p loss (17.6p earnings).

Of total sales and operating *revenue*, customs duties and sales taxes took £2.25bn (£2.35bn) in the six months. Other income was £366m (£260m) and operating costs amounted to £9.26bn, against £7.7bn—these included £513m (£416m) depreciation and amounts provided; and supplementary petroleum duty and windfall profit tax of £753m (£61m).

Interest charges were £247m (£218m) leaving a pre-tax figure of £2.41bn for the six *months*, compared with £2.74bn. Net income was struck after tax of £1.52bn (£1.62bn), and minority interests of £294m (£243m).

There was a turnround from a £138,000 loss to a £507,000 surplus at subsidiary, Alexander Duckham and Co., for the six months ended June 30—there was no tax charge.

Improved efficiency and performance resulted in higher margins and a significant reduction in costs, in real terms, the directors state.

See Lex

HIGHLIGHTS

Lex looks at the latest figures from BP which continues to be plagued by serious losses in its downstream markets and *second quarter net income at £201m is well down on the level* of recent periods. But the company claims its underlying trading position is beginning to improve. At Cadbury Schweppes half time profits are up from £21m to £27½m largely because of a net drop in the interest bill before any benefit from the rights issue. At Stone-Platt the interim dividend is passed as the company falls deeper into the red. Lex examines the company's position and the further large write-offs that are to come. Finally Lex comments on the first quarter figures from Plessey where profits pre-tax have advanced from £18.6m to £25m.

Stone-Platt losses increase

PRE-TAX losses of **Stone-Platt Industries** have increased from £2.48m to £3.52m for the first half of 1981 and the group says results continue to be unsatisfactory mainly because losses are still being incurred by Platt Saco Lowell's (PSL) Lancashire operations.

Because of the continuing and accelerating fall in demand for textile machinery and the difficulties for PSL, the group's objective of breaking-even in 1981 will not now be achieved. But action is being taken to deal with the problems facing unprofitable businesses.

Although PSL Lancashire will continue to operate at a loss in the second half most of the companies in the electrical division expect to improve earnings. Scragg also expects to end the year with a profit.

First-half group sales declined *from £96.2m to £73.28m. Interest* charges rose from £3.26m to £3.35m and tax took £0.53m (£1.19m). After minorities and preference dividends, the attributable deficit was up *from* £3.63m to £4.17m. Stated loss per 25p share was 10.7p (9p).

There is again no ordinary interim dividend—last year pretax *losses totalled* £5.54m and the only payment was a special 0.1p net. The preference dividend for the first half was paid on June 30, while payment of the preferred ordinary, which is cumulative, will be considered before the year end.

Results are stated at exchange rates ruling at June 30 1981. If *overseas net assets were restated* at these rates there would be a currency translation gain of £3m attributable to ordinary holders which has not been taken into account.

The group says a great deal of progress has been achieved during recent months in the restructuring of the PSL business. *Most of the other* businesses have continued to prosper in difficult trading conditions and increased sales and profits.

The comparative results *for* 1980 include earnings from the businesses sold during 1980 and early this year. These were the pump division, the marine propeller companies, Barry-Wehmiller and the vibratory equipment business.

Competition at PSL has remained intense and the group has not been prepared to take business at prices that are uneconomic. In addition prospective orders have not been converted into final sales contracts as quickly as expected.

In spite of the closure of the Oldham factory during 1980, substantial short-time working has been necessary throughout the first six months, both at Bolton and Accrington.

In view of current and foreseeable sales levels, further reductions in operating costs and manufacturing capacity have been essential.

UK operations are now being concentrated at Accrington, and a greatly-reduced cost structure and workforce should ensure that PSL can compete effectively.

Costs of closure and redundancies will be treated as extraordinary in the 1981 accounts, and are expected to be in the range of £8m to £9m

PSL's operations in the U.S. and Spain, however, continue to be profitable.

Progress is being made towards disposing of surplus properties. Contracts for the sale of certain *major properties* should be completed before the end of the year.

Efforts are being made to control the use of working capital and reduce the amount employed, and to realise other assets surplus to requirements.

The company maintains close contact with ECI and FCI, who have been kept informed of the actions being taken in Lancashire and elsewhere, as have the company's bankers.

See Lex

BET drops £10m but pays same

ALTHUGH TURNOVER of the **British Electric Traction Co.** expanded from £885.34m to £939.6m, pre-tax profits of this industrial holding company fell by more than £10m to £60.79m for the year ended March 31, 1981, against £70.93m previously. At halftime, the taxable figure had fallen from a restated £30.41m to £27.97m.

Normally, BET earns a greater profit in the second half than in the first, but in January, the group warned that this year because of the deepening recession, profits for the second six months were not expected to differ appreciably from those of the first period. In the event, the second-half pre-tax result was £32.82m (£40.52m last time).

Trading profits for the year dropped from £72.4m to £64.04m, before including associates' con*tributions of £10.84m (£10.63m)* and investment income of £10.2m (£9.39m). Interest charges, however, took £24.28m (£21.5m).

Tax was reduced *significantly* from £27.62m to £13.06m, principally because it takes into account stock appreciation relief available under the 1981 Finance Act. After minorities of £8.53m (£7.17m) net profits came through ahead from £36.14m to £39.2m.

Stated earnings per 25p deferred ordinary share improved from *24.3p to 26.2p*, while the dividend total is again 7.572p net with an unchanged final of 5.709p.

Extraordinary debits accounted *for £1m (£1.42m credits)* and with dividends absorbing £11.47m (£11.38m), retained profits were up slightly from £26.18m to £26.73m.

The financial year-ends of the group's three investment subsidiaries have been changed from December 31 to March 31 so as to coincide with the parent company. The group accounts for the year therefore include their results for a 15 months' period, but had the year-ends not been changed, their contribution to pre-tax profit would have been £0.68m less.

The changing last year of the year-ends of A-R Television *(formerly* Rediffusion Television) and Thames Television had the effect of increasing 1979-80 pre-tax profit by £0.91m.

On a current cost basis, group *taxable profits for the 1980-81* year were £33.71m.

comment

The 14 per cent decline in pre-tax profits of British Electric Traction is attributable mainly to weakness in the joinery and construction businesses—Boulton and Paul, for example, fell £6m into loss, a £4m drop in the contribution from printing and publishing and poor results from most plant hire operations. United Transport and the laundry companies held up well but Rediffusion did only a little better, although the improvement in its cash position helped bring BET's interest charge down 15 per cent in the second half. Overseas operations, which account for about 30 per cent of trading profit, should benefit from the easing of sterling this year and Rediffusion has got rid of its loss-making Hong Kong subsidiaries. However, the overall recovery at BET this year will probably be modest and slow in coming. The shares have risen 16 per cent in the past month as it became apparent from the results of quoted subsidiaries and associates that the second half was not as difficult as feared, but at 158p, down 1p yesterday, they look fully priced. The yield on the well covered dividend is about 7 per cent and the fully taxed p/e 11.

Managing director resigns from Rowan & Boden

MR T. J. CAMPBELL, the managing director of Rowan and *Boden*, the *Scottish furnisher* and plastic manufacturer, has resigned from the company.

Rowan and Boden's chairman, Mr James Shaw, said the company was in the process of slimming down and the board had decided that it was no longer necessary for the group to have a managing director. From September 1 the executives of the six operating companies are reporting directly to the chairman.

Mr Campbell became managing director 2½ years ago and although he did not sign a contract with the company he will receive compensation. Mr Shaw declined to state the amount of this payment but said he regarded it as "substantial."

Rowan and Boden made a pre-tax profit of £388,000 for the year to December 31 1980 as against £687,000 in the comparable period. The chairman in his annual statement warned shareholders he found it "impossible to be optimistic about the *immediate or medium-term* future."

He added that the first months of the year were "proving difficult." The company's interim figures are due to be released later this month.

YORKSHIRE FINE WOOLLEN DISPOSAL

Agreement has been reached, subject to shareholders' approval for Yorkshire Fine Woollen Spinners to dispose of the assets of its subsidiary, Wall Luxury, for £64,000. The purchaser is a company controlled by former directors of Wall Luxury.

Cadbury Schweppes profits rise £6.5m at interim stage

FIRST-HALF 1981 sales of **Cadbury Schweppes** rose 15.5 per cent from £486.6m to £561.9m and pre-tax profits for the 24 weeks to June 20 were £6.5m higher at £27.5m. Sir Adrian Cadbury, the chairman, says the results are encouraging in the light that they were earned in markets which were generally depressed.

They follow the company's consistent adherence to policies of intensive use and modernisation of its assets and of long-term investment in the marketing support of its brands, Sir Adrian states.

He adds that "in consequence, they provide an assurance that the figures for the year as a whole will show continued progress, in spite of inevitable uncertainties about the state of economies in which we trade in the latter part of *1981*."

The group has interests in soft drinks, confectionery, tea, coffee and a wide range of food and household products. For 1980, pre-tax profits totalled £61.3m on sales of £1.12bn.

Although last year's final dividend was held at 2.9p net, the 1981 *interim* is being moved up from 1.2p to 1.3p per 25p share.

The largest sales increases this year have been overseas, where *figures benefited on conversion* from the decline in the value of the pound. Adjusting for this and the inclusion of a full period's trading of Schweppes (France) against only two months last time, group pre-tax profits increased by 25 per cent and sales by 11 per cent for the half year.

The UK operating *divisions* raised trading profits by £1.5m to £18.7m on sales of £314.3m (£295.8m). Sales margins were higher and exports from the UK were also increased. European profits improved from £3.8m to £4.2m.

The Australian company made the greatest percentage gain with a rise of some 50 per cent in sterling trading profits to £5.6m (£3.7m) while the dollar trading figure was ahead nearly 30 per cent.

Tax was up from £5.9m to *£10m mainly because of higher* levels of tax in the UK and Australia, and after minorities, attributable profits for the first 24 weeks emerged £1.3m ahead at *£15.8m. The interim dividend* absorbs £5.8m (£4.5m).

The chairman explains that the funds subscribed in the successful rights issue in May will benefit net interest charges in the second half and have put the group in a position to extend its overseas interests, particularly in North America and Europe.

However, as the issue reduced the unissued authorised capital to £5.75m, an EGM will be held on September 29 when it is proposed that the authorised capital be increased by £20m, by the creation of 80m additional ordinary 25p shares.

See Lex

SPAIN

September 3	Price %	+ or −
Banco Bilbao	376	+2
Banco Central	390	+5
Banco Exterior	415	+3
Banco Hispano	341	+6
Banco Ind. Cat.	120	
Banco Santander	397	+2
Banco Urquijo	240	+6
Banco Vizcaya	396	+7
Banco Zaragoza	280	+8
Dragados	217	+2
Espanola Zinc	77	−1
Fecsa	73.7	+0.5
Gal. Preciados	65	
Hidrola	86.7	+0.2
Iberduero	59	+0.5
Petroleos	128.5	+3
Petroliber	83	
Sogefisa	54	
Telefonica	85.5	−0.2
Union Elect.	80	

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bogod-Pelepah	0.3	—	0.4	0.4	0.59
Bogod-Pelepah "A"	0.6	—	0.8	0.8	1.18
BET	5.71	Oct 23	5.71	7.57	7.57
BP ...int†	6.25	Nov 12	6.25	‡	20.25
Cadbury Schweppes int†	1.3	Jan 4	1.2	—	4.1
Charterhouse Group...int	1.93	Nov 5	1.75	—	4.51
Church and Co. ...int	2.5	Oct 16	2.5	—	8
F. Copson	1.4	—	1.2	1.4	1.2
Derek Crouch ...int†	1.63	Oct. 30	1.63	—	5.05
General Mining Union Corporation int	55§	Oct 16	50	—	160
Kode International ... int	*2.32*	*Dec 4*	*2.32*	—	*6.69*
Stewart Nairn	Nil	—	0.05	Nil	0.05
H. and J. Quick ...int	0.53	Oct 19	0.53	—	1.15
Sharpe and Fisher ...int	0.55	Nov 6	0.55	—	1.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of not less than 20.25p forecast. § South African cents throughout.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$400	—	—	11	73 A	101	90	$437.50
GOLD C	$425	31	34	—	—	—	—	"
GOLD C	$450	1	22	4	39	26	50	"
GOLD C	$475	29	12	2	26	—	—	"
GOLD C	$500	—	—	3	18	—	—	"
GOLD P	$375	1	3.50	—	—	—	—	"
GOLD P	$400	27	6	—	—	—	—	"
GOLD P	$425	—	—	—	—	3	20	"
GOLD P	$450	5	25	—	—	—	—	"
		Oct.		Jan.		April		
ABN C	F.320	5	1,10 B	—	—	—	—	F.292
AKZO C	F.22.50	57	1.90	173	3.50	—	—	F.23.40
AKZO C	F.25	45	0.60	26	1.80	24	2.80	"
AKZO C	F.27.50	—	—	11	1	—	—	"
AKZO P	F.22.50	—	—	65	1.50	—	—	"
AKZO P	F.25	70	1.80	—	—	—	—	"
HEIN C	F.45	9	6.80	—	—	—	—	F.51
HEIN C	F.50	16	3.40	17	4.90	—	—	"
HEIN C	F.55	18	1.20	—	—	—	—	"
HEIN C	F.60	7	0.50	—	—	—	—	"
HEIN P	F.50	35	1.90	—	—	—	—	"
HOOG C	F.20	56	0.20	57	0.80	—	—	F.16.30
IBM P	$50	—	—	10	5⅝	—	—	$55¼
KLM C	F.70	10	31	—	—	—	—	F.102
KLM C	F.100	42	10	—	—	—	—	"
KLM C	F.110	58	6.30	31	11	—	—	"
KLM C	F.120	68	2.90	—	—	—	—	"
KLM C	F.130	16	1.20	—	—	—	—	"
KLM C	F.140	10	0.60	16	3.20	—	—	"
KLM C	F.150	18	0.30	—	—	—	—	"
KLM P	F.90	41	1.50	—	—	—	—	"
KLM P	F.140	7	38	—	—	—	—	"
NEDL C	F.140	29	18	—	—	—	—	F.152.50
NEDL C	F.150	81	10	16	16.30	10	18	"
NEDL C	F.160	57	6	24	10 B	—	—	"
NEDL C	F.170	8	2.50	—	—	—	—	"
NEDL C	F.180	—	—	6	4	—	—	"
NEDL P	F.140	40	1.90	—	—	—	—	"
NEDL P	F.150	25	4	—	—	—	—	"
NEDL P	F.160	13	9 A	—	—	—	—	"
NATN C	F.110	35	7.50	—	—	—	—	F.117.90
NATN C	F.115	12	3.50	—	—	—	—	"
NATN C	F.120	16	1.50	13	4.50	—	—	"
NATN C	F.130	10	0.50	—	—	—	—	"
NATN P	F.115	12	5	—	—	—	—	"
PHIL C	F.20	31	2.50	—	—	—	—	F.22.20
PHIL C	F.22.50	350	0.90	13	2.30	—	—	"
PHIL C	F.25	639	0.30	678	1.10	91	2	"
PHIL C	F.27.50	10	0.10	100	0.60 A	—	—	"
PHIL P	F.20	—	—	106	0.70	—	—	"
PHIL P	F.22.50	—	—	56	1.60	—	—	"
PHIL P	F.25	38	2.90 B	—	—	—	—	"
RD C	F.80	143	7.50	—	—	—	—	F.86.60
RD C	F.90	34	2.60	167	5.50	10	8 A	"
RD C	F.100	102	0.60	32	2.80	74	4	"
RD P	F.80	125	1.60	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 4642

A=Asked B=Bid C=Call P=Put

Plessey rises £6m in first quarter

FIRST QUARTER pre-tax profits of the Plessey Company rose sharply from £18.65m to £24.96m, an increase of 33.9 per cent, on sales 14.5 per cent higher at £221.5m, compared with £193.5m.

Market analysts had been looking for profits of between £22m and £23m.

The directors say there was a continuing improvement in the UK over the 13 weeks to July 3 1981 by most subsidiaries with the exception of the micro-electronics and components businesses which traded at reduced levels of trading and returned lower profits due to the general recession.

The overseas activities generally produced improved results, helped by currency movements during the quarter.

Group exports from the UK advanced by £8.2m to £27.9m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable:

FUTURE DATES

Interims:—

Abbey Panels Investments	Sept 10
Bestobell	Sept 10
Boddingtons' Breweries	Sept 17
Booker McConnell	Sept 17
Burmah Oil	Sept 16
Collins (William)	Sept 9
London and Manchester Assur.	Sept 9
McLaughlin and Harvey	Sept 11
Pentland Industries	Sept 18
Ransomes, Sims and Jefferies	Sept 21
Standard Chartered Bank	Sept 8
United Biscuits	Sept 10

Finals:—

Clark (Matthew)	Sept 10
Ricardo Consulting Engineers	Sept 15
Trafford Park Estates	Sept 16

The taxable surplus was struck after depreciation of £5.98m (£5.53m) and share of associates of £1.08m (£744,000), interest receivable of £2.98m (£1.48m) and interest payable of £3.24m (£2.94m)—improving cash flows were responsible for the rise in increased interest income.

After a much higher tax charge of £8.74m (£6.65m) and minorities of £461,000 (£280,000) earnings before extraordinary items were ahead at £15.76m, against £11.72m—equal to 6.54p (4.92p) per 50p share.

At the end of the quarter the group's order book amounted to £1.25bn (£1.06bn), an increase of 17 per cent over the position of a year ago. The export content of £212m compares with £207m.

A breakdown of sales and operating profit for the 13 weeks shows: telecommunications—main exchanges and transmission £59.7m (£50.5m) and £7.9m (£5.27m)—office, data and control systems £34m (£28.3m) and £3.16m (£1.69m); electronic systems and equipment £66.7m (£56.5m) and £5.82m (£5.23m); microelectronics and components £28.2m (£29m) and £1.49m (£3.19m); and aerospace and engineering £32.9m (£29.2m) and £4.68m (£3.1m). Group services totalled £1.14m (£875,000).

For the previous financial year, covering the 53 weeks to April 3 1981 taxable profits of the group advanced sharply to £84.54m (£60.1m).

See Lex

Portsmouth Water £6m offer by tender

Portsmouth Water Company is offering for sale by tender £6m in 10 per cent redeemable preference stock.

At the minimum tender price of £100 per cent, the conventional gross yield is 14.28 per cent or 20.83 per cent for those liable for corporation tax.

The stock is redeemable at par on September 30, 1986. It is denominated in multiples of £100 and applications, accompanied by a deposit of £10 per cent must be received before 11 am on September 10.

The first dividend, amounting to £5.104 per cent net, will be payable on April 1, 1982 and dividends will be paid thereafter half yearly

● **comment**

Portsmouth Water Company is offering its preference stock on the same terms as the last two water issues by York and East Surrey. Those two issues are quoted at slight premiums while yields on comparable Government stocks have eased slightly in the past month. Perhaps more important to the kind of corporation that is likely to be interested in water company stock, U.S. interest rates appear to be stabilising. Thus, the Portsmouth issue, although much larger than the previous two issues, should attract a satisfactory response.

HANSON TRUST

Hanson Trust's rights issue of £43.82m 9½ per cent convertible unsecured loan stock 2001-06 has been taken up in respect of £39.7m nominal of the new stock (90.6 per cent).

Derek Crouch edges ahead to £1.2m at interim stage

TAXABLE PROFITS of Derek Crouch, the Peterborough-based group engaged in opencast mining, earth moving, civil engineering and building, were slightly ahead in the first half of 1981 at £1.23m compared with £1.15m. Turnover, however, fell by £2.12m to £28.12m.

Mr Derek Crouch, the chairman, says that although the recession has affected all sections of operations, the board's policy of maintaining strict cash controls has cut interest costs.

Interest payments were £864,000 compared with £1.07m in the same period last year. The income from the rights issue which was received in July should reduce interest payments further in the second half of the year.

An interim dividend of 1.63p net is being paid on the capital increased by the rights issue in June, compared with 1.63p on the old capital. There are now 12.47m shares in issue, compared with 9.7m before the rights.

Earnings per 20p share are stated at 4.36p against 5.63p.

Tax for the half year took £792,000 compared with £822,000 leaving a net balance of £544,000 compared with £546,000. There were minority credits of £103,000 (£187,000).

● **comment**

Crouch has produced reasonable midway figures by virtue of strict cash controls which have reduced its borrowings both in the UK and U.S. At the trading level profits have slipped by 7 per cent due to higher losses in the U.S. after the mine workers' strike and a worse performance from the UK construction division. The company remains confident that its U.S. operations will break even by year end and the £4.4m from the June rights issue will be used to further reduce debt. The outlook in the UK remains dull and overall Crouch will do well to match last year's profit of £3m. The prospective p/e, fully-taxed, is just about 15 and the prospective yield is around 4 per cent at 183p.

Charterhouse advances 18% to £8.76m

TAXABLE PROFITS of the Charterhouse Group advanced 18 per cent from £8.76m to £10.33m in the first half of 1981.

The interim dividend of this group involved in banking, development capital investment, oil exploration and production and in manufacturing and service industries is being raised from 1.75p net to 1.925p per 25p share. Last year a total of 4.51p was paid on pre-tax profits of £16.12m.

Earnings per share for the six months are given as 2.92p (4.88p) as against 9.64p for the whole of last year.

The directors say the recession will continue to influence profits in the second half of the year and high tax charges will arise on overseas profits and in associated companies. The group is currently enjoying a satisfactory level of investment propositions and expects to make further new investments.

Development capital activities, especially in the U.S. produced markedly increased profits of £6.58m, as against £1.5m.

Oil revenues were lower at £2.54m (£4.52m) following the reduction of the group's equity holding in Charterhouse Petroleum to 48.4 per cent. The impact of supplementary petroleum duty—treated as an additional operating cost—and a high tax charge further reduced attributable profits from this sector the directors say.

The manufacturing activities, with profits down from £3.91m to £1.7m, continued to feel the effects of the deep recession, though signs of improvement are now emerging, they say. The services sector showed some improvement although the overall contribution was lower at £1.6m (£2.42m) following the sale of Ganvill Enthoven in August 1980.

Banking profits, including those of Keyser Ullmann which was acquired in July 1980 were below expectations at £2.4m (£1.2m), but the merged bank is beginning to benefit from greater business opportunities available to it.

Taxable profits were struck after central services charges of £1.09m (£678,000) and interest payable of £3.4m (£4.11m).

The tax charge for the six months was higher at £5.58m (£3.86m), made up as follows: UK £1.49m (£2.3m), overseas £940,000 (£918,000) and associates £3.15m (£645,000).

After minority debits of £248,000 (£33,000) attributable profits were £4.5m (£4.87m). These were before profits on currency translation of £1.39m (£378,000 losses) and extraordinary losses of £631,000 (nil).

● **comment**

These interim results from Charterhouse comprise two swings, two roundabouts, and a slight disappointment over the progress of the group's much enlarged banking arm. The development capital account had the benefit of a flotation in the U.S.—realising half of the stake in Dreyer's Grand Ice Cream—but owes more to a sharp increase in the flow of dividends. Manufacturing activities have climbed rapidly out of the pit; last year's second half profits of £350,000 were doubtless the victim of heavy write-offs above the line, but the present recovery is nonetheless striking. Backsliding from services is largely due to the recent uninspiring performance from Spring Grove, while the oil contribution is reduced by the flotation of Charterhouse Petroleum (lightening the group's oil investment). Charterhouse's merged banks have yet to show that they are more than a sum of parts and source of earnings-dilution. But the argument for strong growth when the machine is properly bedded down remains convincing. On a 54 per cent tax charge—thanks to unrelieved ACT—the prospective earnings multiple is about 13, leaning on the prospects for 1982 rather than for the rest of 1981. Meanwhile, the shares—at 86p—yield a comfortable enough 8.4 per cent.

First half fall leaves Church £311,000 lower

PROFITS OF Church and Co., Northampton-based manufacturer, wholesaler and retailer of footwear, fell back in the first half of 1981, the pre-tax surplus emerging at £571,000, compared with £882,000. Turnover was higher, rising from £15.23m to £16.96m.

Mr I. B Church, chairman, says it was a disappointing half-year in the UK with indifferent retail trading resulting in reduced retail profits.

He adds that the three UK factories did reasonably well considering the poor state of home trade.

However, the "star performers" were Canadian and U.S. companies which substantially increased sales and profits. The chairman expects this trend to continue and produce record results for the year in those countries.

He says the second half should produce much better results from factories. Order books at the main St. James factory are full and production has been increased.

In all, he says he is "hopeful that UK retailing will show an improvement in the last quarter but profits in this sector are bound to be lower than in 1980."

Although stated earnings per share for the half year dropped sharply from 10.7p to 5.8p the interim dividend is being maintained at 2.5p net—a total of 8p was paid for 1980 from taxable profits of £1.96m (£3.11m).

Tax took £265,000 (£320,000) and minorities the same at £2,000.

Net earnings reduction at Family Inv.

WITH GROSS revenue lower at £206,615, against £226,527, net earnings of the Family Investment Trust showed a reduction from £128,314 to £117,148 for the six months to July 31 1981.

Stated earnings per 25p share dropped to 2.66p (2.92p) but the net interim dividend is unchanged at 2.4p—last time the total payment was 6p from earnings of 6.36p.

First-half investment income rose from £151,747 to £180,073, while other income fell to £26,542 (£74,780). Expenses totalled £27,880 (£26,157) and tax took £61,587 (£72,056).

Net asset value per share was 136.9p at July 31 1981 compared with 120.6p six months earlier.

Kode holds 2.32p payment despite decline

IN THE 24 weeks to June 20 1981 pre-tax profits of Kode International, Swindon manufacturer of electrical equipment, fell from £662,405 to £603,144 although sales increased from £4.62m to £4.99m.

Last year pre-tax profits were £1.41m (£1.25m) on turnover of £10.43m (£8.5m).

Mr T. E. Darlow, the chairman, says that so far this year most of the subsidiaries have been affected by stricter government controls on cash limits, with the resultant delay by customers in placing orders.

He says there are prospects that some of these orders will be placed by the end of the third quarter in which case, depending on their size and timing, the outcome for the year should be satisfactory.

The net interim dividend is held at 2.32p. A total of 6.689p was paid last year. Earnings per 25p share are stated at 6.5p compared with 7.19p.

Mr Darlow adds that in the longer term the gathering maturity of product and plant investment, together with the strength of the balance sheet, gives the board confidence for continued growth when conditions allow.

Tax took £313,635 (£344,450) leaving attributable profits of £289,509 (£317,955) from which dividends absorb £103,328 (£102,886).

The pre-tax surplus does not include unrealised exchange gains which at June 20 1981 amounted to £105,000.

● **comment**

A defence spending moratorium and cutbacks in Post Office ordering are the main culprits, according to Kode, for its profits shortfall. The shares, trading nearly 90p below the year's peak ahead of the statement, clearly anticipated some very dull looking figures and actually rose 2p yesterday to 290p. The brake on Post Office ordering, which accounted for a fifth of sales last year, hit Kode's major profit centre, Kam Circuits, from April onwards. Talk within the industry suggests that Kam can hope for some upturn by next month and having injected £1m into new plant any rise in sales could swiftly work through to the bottom line. But even if the upswing does not materialise the overall profit for the year is unlikely to be very different from 1980's £1.4m suggesting a fully taxed p/e of 19. That rating might hold with a flat performance this year but Kode needs to show something more promising for the 1980s if it is to be sustained. Meantime sterling cash balances are up from £1m to around £1½m—helped by sliding £800,000 into dollar deposits at the right time. Yet an American acquisition to use as a springboard for Kam and Moore Reed products looks unlikely while U.S. asking prices remain in the area of 30 times earnings. A purchase in Europe may now come first even though a presence in the States is a major management goal.

Sharpe & Fisher profits down 29% at halftime

IN LINE with forecasts at the AGM, taxable profits of Sharpe and Fisher fell by 29 per cent from £581,000 to £413,000 in the first half of 1981, on sales marginally ahead at £13.46m compared with £13.03m.

The interim dividend of this group which operates builders' merchants, home improvement supermarkets and garden centres, is being maintained at 0.55p net per 25p share. Last year a total of 1.8p was paid on pre-tax profits of £1.4m (£1.52m).

Mr K. K. J. Fisher, chairman, says the half-year results are disappointing even though they comply with his forecasts of a significant reduction in the merchanting companies.

Tax took £165,000 (£242,000).

Downturn at F. Copson

BOTH profits and turnover were lower for the year to April 30 1981 at F. Copson Company, the Birmingham based supplier of heating equipment and builders' materials. Pre-tax profits were £191,818 compared with £243,247 and turnover, exclusive of VAT was £5.69m compared with £6.16m.

At midway, pre-tax profits were down from £102,786 to £58,015 on turnover of £2.82m against £3.13m.

The net dividend is to be increased from 1.2p to 1.4p for the year. Earnings per 5p share are stated at 3.83p compared with 3.31p. Dividends have been waived on 1.5m shares (same).

After deducting tax of £51,706 (£125,175) and minorities of £2,194 (credit £1,176) the retained profits were £108,518 against £94,048. A surplus on revaluations, however, adds £269,985 this time and prior year adjustments £354,776.

H. & J. Quick slips into red at midway

In the first half of 1981 H. and J. Quick Group plunged from taxable profits of £103,000 to losses of £156,000 on lower turnover of £41.06m compared with £46.17m.

However the interim dividend of this passenger and commercial vehicle dealer is being maintained at 0.53p net per 10p share. Last year a total of 1.145p (2.29p) was paid on pre-tax profits of £175,000 (£1.16m) earned on turnover of £81.14m (£77.23m).

The losses per share are stated at 3.67p (1.2p earnings).

The chairman says that a year ago, the company was accused by some of over-reacting when the directors recommended halving the interim dividend. He points out that at that time he could see no obvious signs of improvement and in the event that was the situation throughout last year.

With car operations currently improving their profitability and a drastic reduction in used truck stock now being achieved the chairman is beginning to see a glimmer of hope for the future.

Pre-tax profits were struck after interest charges of £522,000 (£628,000) and tax took £20,000 (£15,000).

NCC could control Simplicity cash

If the merger between NCC Energy and Simplicity Pattern Company of the U.S. is approved by the two sets of shareholders, NCC will end up having absolute control of all of Simplicity's cash, estimated by Mr Graham Ferguson Lacey, chairman of NCC, at £45m.

This arrangement, revealed in the merger agreement published yesterday, was one of the main reasons for the length of the negotiations.

The proposal would create a new company, Simplicity Group, which would have two subsidiaries, Simplicity Pattern, and NCC. NCC would control group funds. NCC would also control the group board, having eight representatives on it to Simplicity's five. There would also be one independent director.

The agreement also requires NCC to raise $20m gross from the sale of any of its existing assets except Louden Properties, its main oil exploration arm, and Bernard Wardle, the plastics company.

Its other businesses include Rexco, the original smokeless fuel business and Carrock Fell Mining, which operates a Tungsten mine in the north of England.

There is also a 17 per cent interest in Piezo Electric Products in the U.S., and a 20 per cent interest in Ni-Cal Developments, a mineral rights group quoted in Vancouver.

The approval of NCC's shareholders is assured by the 52 per cent holding of NCC's shares. NCC also owns 15.4 per cent of Simplicity, but a further 11.2 per cent is held by Icahn and its associates which have said that they will vote against it.

Icahn bought its shares in Simplicity for an average of $10.88. Yesterday Simplicity's price in the market was $10.25. NCC's shares rose by 11p to 115p.

NCC shareholders would receive a quarter of a Simplicity share plus a fraction of a warrant to buy Simplicity shares in the future, if the deal goes through. The share element on its own is worth 140p to NCC shareholders on yesterday's price for Simplicity.

Durapipe says Wavin bid is unacceptable

Durapipe International, the loss-making plastic pipe and extrusions manufacturer, dismissed a bid worth £2.65m from Wavin Plastics as "wholly inadequate and unacceptable."

Earlier this week Wavin, the UK subsidiary of Wavin BV which is in turn jointly owned by a Dutch water company and Shell, launched a 27p a share cash bid for Durapipe, making its offer conditional on shareholders rejecting Durapipe's proposals for raising £2.1m.

In a letter to its shareholders Durapipe says that this condition "appears to be an attempt to disrupt your company's proposed share issue."

The letter, signed by Mr Frank Powell, the group chairman, says that a detailed statement will be circulated to shareholders as soon as possible giving reasons for dismissing the offer as wholly inadequate and unacceptable.

Mr Powell concludes, however, that the board "wishes immediately to refute a suggestion in Wavin's release that Durapipe needs financial and managerial resources from Wavin to ensure a secure foundation for the future of Durapipe at Norton Cranes. Your board believes that it has taken the action necessary to provide the basis for the group's future growth and does not need Wavin."

He urged shareholders to vote in favour of the fund-raising resolutions.

In its formal offer document Wavin says that Durapipe's fund raising is to be achieved by means of a rights issue of £1.64m at par of equal numbers of convertible preference shares and redeemable preference shares and by the issue to Equity Capital for Industry of £0.6m of preference shares.

The document, dispatched to shareholders yesterday, says that during the year ended March 31 1981 over £2m of the reserves of Durapipe were absorbed by trading losses (after interest), reorganisation and reconstruction costs. "The Durapipe circular contains little information on the Durapipe group's trading since that date; and in particular no forecast is made of profits or losses, either for the six months ending at the end of this month or for the full financial year ending March 31 1982."

The document observes that the Durapipe Board had said that the trading loss and extraordinary costs had considerably eroded shareholders' funds and had led to an undesirable level of gearing. "This appears to suggest that Durapipe would not be able to support a viable operation without a further injection of equity type capital in the near future," says Wavin.

Commenting on the fund-raising operation Wavin says that "in return for the provision of further capital by direct subscription and Equity Capital for Industry's support in arranging the underwriting of the presently proposed rights issue, the board has had to concede substantial supervision of its activities and finances to an outside body. These restrictions are severe in nature and would possibly restrict the proper development of the business."

Wavin, a large plastic pipe manufacturer, owns 470,000 Durapipe shares representing 4.8 per cent of the equity. "All shareholders would have to see their investment diluted to some extent, even if all of them were to take up their entitlements under the rights issue; and all shareholders would have to continue to rely on a management which has been unable to produce satisfactory results for its shareholders and which in future, under the agreement with Equity Capital for Industry, will have to account to another body for a significant part of its action," says the document.

SHARE STAKES

Butterfield-Harvey—Following the transfer of 64,000 ordinary to new trustees, Mr G. C. Harvey has no interest in shares held by Blandford Trust.

Glasgow Stockholders' Trust—On August 27 Guardian Royal Exchange Assurance and its subsidiary held 21,000 5 per cent cumulative preference stock units (5 per cent).

Whessoe — Colguy Holdings bought 50,000 ordinary (0.56 per cent) and now holds 820,000 (9.08 per cent).

Tranwood Group—Mr E. Carmeli and Mrs J. Carmeli now hold between them a total of 590,000 shares (6.137 per cent).

Rexmore—Mr R. G. Handley, director, has bought 20,000 ordinary.

Polymark International — Mr H. Blank has sold 20,000 ordinary.

Reliant Motor—T. M. Trading has bought 25,000 ordinary making total holding 730,000 (13.2 per cent).

Control Securities—In respect of the company's 8 per cent convertible unsecured loan stock 1989, £500,000 has been tendered for conversion as at August 31, leaving £500,000 loan stock still in issue.

British Vita—Mr F. A. Parker and Mr J. H. Ogden, directors, sold 20,000 ordinary shares held non-beneficially as executors and trustees.

ADP/GEO. MORTON AND N.W. VINTNERS

The shareholders of Amalgamated Distilled Products approved the acquisition of George Morton and North West Vintners (Retail); together with an increase in share capital for a rights issue of approximately £2.6m — before expenses — at an EGM yesterday.

Meanwhile the Stock Exchange has consented to the readmission today of ADP's securities to the Official List subject to the advertisement of abridged particulars of the above resolution and the posting of provisional allotment letters of rights entitlements.

These were posted yesterday and provide for payment in full by September 24. Subject to readmission dealings in the new shares will start today.

Following readmission, the offer for Morton will become unconditional and the consideration will be despatched on September 7. The consideration for NWV is payable on September 24.

Mr Threipland defends his record

Mr Tertius Murray Threipland, the former chief executive of F. Pratt Engineering Corporation whom six fellow directors are trying to oust from the board, yesterday defended his record at the company.

In a circular to shareholders, he said he had instigated moves for a drastic reduction in central expenditures in the group, at the risk of antagonising his colleagues. Much had been achieved but there was a lot more to do.

Mr Murray Threipland was replying to a circular issued last month by Mr Bill Friggens, Pratt's chairman, supported by five of his directors. This called for the removal from the board of Mr Murray Thriepland and Mr Maurice James, head of the Maurice James Industries engineering group. Mr James joined the board last January.

The six accused Mr Murray Threipland and Mr James of trying to obtain effective control of the board.

Mr Murray Threipland said yesterday that the circular from the six contained "much material which is unsubstantiated and irrelevant to the real issues at stake."

He said he had been accused of exercising his duties in too independent a manner. "However, apart from Mr Friggens, whose primary responsibility was for finance and administration, with particular responsibility for Hamblin and Wingate until its sale, I was for a long time left directing the rest of the group's engineering operations single-handed."

This, he added, had been despite requests to the board to have a better balance of executive and non-executive directors.

Mr Murray Threipland said his objective was continued cuts in central expenditure. "This would mean more cash for modernising factories and for new plant and machinery, desperately neglected over the last 10 years."

His provisional estimate, based on the group's 1980 accounts, was that savings of the order of £400,000 a year had already been made and that further very significant savings could be made.

He drew shareholders' attention to a letter which he said he had written in March 1979 to Mr A. M. G. Galliers-Pratt, the then chairman of the group, suggesting head office expenditure cuts. A copy of this private correspondence was attached to the circular.

In the letter Mr Murray Threipland said that "no longer can we escape the fact that unless something fairly drastic is done about the group we will either be forced into being taken-over or we will go bust." He added that this was "not some far off prospect in my view—but I would suggest a distinct possibility within two years or so."

However, in yesterday's circular he said that "happily my worries about the future of the group at that time have been allayed by the steps we have taken during this year, including the sale of the Belgrave Square headquarters, the sale of Hamblin and Wingate and other measures."

Calling for shareholders' support for himself and Mr James in the vote on September 11, he said there had been many lengthy board meetings over the course of this year prior to his suspension on July 7 and at none of these meetings had there been any criticism of his ability to manage the group or any question of him exceeding his powers.

It was announced yesterday that Mr James sold 30,000 of his shares in Pratt on August 20 for £27,061.

Westbrick Products in talks with third party

Westbrick Products, the Exeter-based brickmaker fighting a bid worth nearly £4m from C. H. Beazer, the property duevelopment and construction group, said yesterday that it was in discussions with a "commercially acceptable third party" which may lead to an offer being made by the unnamed company.

This offer, which Westbrick expects to be at "a generally similar level to the increased offer by Beazer," may be recommended by the Westbrick board if the discussions are successfully completed.

Westbrick's shares rose 6p to 93p in yesterday's trading.

The emergence of a possible "White Knight," as yet unnamed, came a day after Beazer anounced an improved offer for the brickmaker, raising its initial cash offer by 12p to 87p per share, and introducing a partial share alternative.

Beazer said yesterday that it had received acceptances from holders of 20,130 Westbrick shares, representing 0.5 per cent of the capital.

Beazer was beneficially interested in 494,000 Westbrick shares (11.5 per cent) before the commencement of the offer period. On Wednesday, Beazer acquired 105,000 shares at 87p.

Beazer's total holding in Westbrick, including acceptances received under the offer, amounted to 619,130 shares, representing 14.4 per cent.

Westbrick said that a further announcement on its talks with the new possible bidder "will be made as soon as possible." Shareholders are advised to take no action in relation to the increased offer by Beazer."

LONG & HAMBLY DISPOSAL

Long and Hambly has sold certain manufacturing plant with an original cost of approximately £90,000 and the goodwill of its footwear soling product range presently manufactured at Northampton.

The consideration for the sale of the product range is £500,000, payable by two equal instalments on completion and on December 1.

The proceeds will be applied to reduce bank borrowings.

Turnover of the footwear soling product range in the year ended July 31 1981 was some £1m. This represents about 25 per cent of the total annual turnover at the Northampton factory.

B.A.T. FORMS U.S. OFFSHOOT

B.A.T. Industries has formed a U.S. subsidiary, B.A.T. Capital Corporation, for the purpose of raising finance for its U.S. and worldwide operations.

B.A.T. Capital will issue commercial paper in the U.S. to finance working capital requirements in the U.S., the UK and West Germany.

Lehman Commercial Paper, a wholly-owned subsidiary of Lehman Brothers Kuhn Loeb, will act as exclusive commercial paper dealer.

RUBEROID HAS 92% OF CATALIN

The offer by Ruberoid Enterprises, a wholly-owned subsidiary of Ruberoid Ltd, for Catalin has been accepted in respect of 1,564,945 ordinary shares (91.98 per cent). The offer will remain open for acceptance until further notice.

RAWLEY ACQUIRES CONSTRUCTAIR

J. H. Rawley (Plant Hire) of Basildon, Essex, has acquired a controlling interest in Constructair Services of Chertsey, Surrey, which trades as Pneumatic Tool Services.

CARAVANS. INT.

C. I. Bluebird, a subsidiary of Caravans International, has sold its static caravan manufacturing business (including tangible assets with a book value of £72,050), to a new company, to be called Bluebird Holiday Homes, owned by Commercial and Industrial Securities.

W. L. PAWSON

W. L. Pawson and Son has exchanged contracts for the sale of its offices in Leeds for £620,000, and has entered into a 25-year lease of the offices at an initial rental of £45,000 per annum.

Proceeds will be used to reduce bank borrowings, which at current levels of interest will mean a substantial net saving in costs.

BANK RETURN

	Wednesday Sept. 2 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	38,397,354	+ 5,528,169
Bankers Deposits	576,416,726	+ 34,005,320
Reserve & other Accounts	1,573,873,995	— 13,103,691
	2,203,241,075	+ 26,430,789
Assets		
Government Securities	576,742,143	+ 188,960,000
Advances & other Accounts	1,045,688,186	— 67,860,404
Premises Equipment & other Secs.	566,459,015	— 103,649,492
Notes	14,050,055	+ 7,993,807
Coin	301,676	— 13,122
	2,203,241,075	+ 26,430,789
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,850,000,000	+ 100,000,000
In Circulation	10,835,949,945	+ 92,066,193
In Banking Department	14,050,055	+ 7,993,807
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,777,663,098	+ 392,454,534
Other Securities	2,061,321,802	— 292,454,534
	10,850,000,000	+ 100,000,000

LONDON TRADED OPTIONS

Sept. 3. Total Contracts 748. Calls 515. Puts 233.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	28	4	42	3	52	—	306p
BP (c)	300	16	1	30	13	40	1	"
BP (c)	320	8	8	21	1	—	—	"
BP (c)	350	4	2	12	33	—	—	"
BP (p)	280	6	—	13	—	20	31	"
BP (p)	320	26	1	32	—	—	—	"
BP (p)	350	50	—	50	1	—	—	"
BP (p)	410	110	—	110	26	—	—	"
CU (c)	160	18	—	22	—	25	12	167p
CU (c)	180	7	—	13	30	16	—	"
Cons. Gld (c)	460	70	—	83	2	100	—	523p
Cons. Gld (c)	500	40	47	70	—	80	—	"
Cons. Gld (c)	550	17	—	42	15	60	—	"
Court'lds (c)	60	7½	25	10½	2	13	—	64p
GEC (c)	750	78	22	110	—	133	—	809p
GEC (c)	800	40	15	73	—	98	—	"
GEC (c)	850	15	3	42	—	65	—	"
Gr'd Met. (c)	180	26	—	34	10	39	—	200p
Gr'd Met. (c)	200	12	—	21	1	26	—	"
Gr'd Met. (c)	220	4	—	13	—	17	1	"
Gr'd Met. (p)	200	8	—	13	2	17	—	"
ICI (c)	240	38	15	—	—	—	—	270p
ICI (c)	260	19	5	34	—	42	—	"
ICI (c)	280	10	2	22	—	30	—	"
ICI (c)	300	5½	5	13	35	18	—	"
ICI (p)	280	16	52	18	—	24	—	"
Mks & Sp (c)	120	21	—	26	4	31	—	136p
Mks & Sp (c)	130	12½	7	17	—	24	—	"
Mks & Sp (c)	140	5	3	10½	1	18	—	"
Shell (c)	360	24	1	36	—	44	—	372p
Shell (c)	390	11	—	20	2	30	1	"
Shell (p)	390	28	—	30	50	38	50	"
		November		February		May		
Barclays (c)	460	28	5	47	—	53	—	458p
Imperial (c)	60	6½	9	9	24	10	—	66p
Imperial (c)	70	1	—	3	2	5	—	"
Lasmo (c)	500	64	1	90	—	102	—	534p
Lasmo (c)	550	37	4	65	—	80	—	"
Lasmo (c)	600	22	—	45	1	57	—	"
Lonrho (c)	80	7	10	10½	3	12	5	86p
Lonrho (c)	90	2½	41	5	2	7	7	"
Lonrho (c)	100	1	3	3	5	—	—	"
Lonrho (c)	80	3	5	4	2	4	—	"
Lonrho (p)	90	8	3	10½	5	11	—	"
P & O (c)	130	2½	6	4½	9	—	—	118p
Racal (c)	420	70	1	88	—	100	—	465p
Racal (c)	460	40	1	60	—	73	—	"
Racal (p)	500	20	27	28	—	50	—	"
Racal (p)	360	2	—	5	1	—	—	"
Racal (c)	500	43	5	53	—	60	—	"
RTZ (c)	550	45	11	87	—	100	—	559p
RTZ (c)	650	20	6	37	—	—	—	"

C=Call P=Put

CURRENCIES, MONEY and GOLD

Dollar eases

Dollar eased in quiet trading but although it finished lower than Wednesday's close in London it was firmer than the day's lows. There was little to stimulate much movement with business curtailed ahead of the long weekend in the U.S.

Sterling was weaker overall as the Swiss franc and D-mark both showed marginal gains on tighter domestic credit levels and an improved trade performance respectively.

The French franc and the Belgian franc were both weaker within the European Monetary System yesterday, the French franc because of downward pressure on domestic interest rates and the Belgian franc on tension ahead of the long weekend in the U.S. due to a public holiday. The D-mark remained the strongest currency and the Belgian franc the weakest.

DOLLAR — trade weighted index (Bank of England) fell to 110.4 from 110.7. The dollar fell to DM 2.4260 against the D-mark from DM 2.4410 on Wednesday and SwFr 2.1200 from SwFr 2.1475. It finished at Y230.30 against the Japanese yen, up from Y229.60 but slipped against the French franc to FFr 5.8275 from FFr 5.8430.

STERLING — trade weighted index (Bank of England) closed at 90.8 unchanged from Wednesday, having stood at 90.8 at noon and in the morning. Sterling opened at $1.8510-1.8520 against the dollar and eased to $1.8475-1.8485 quite early in the morning. It traded for most of the day between $1.8470 and $1.8495 before dipping to $1.8435-1.8445 during the afternoon. It closed at $1.8445-1.8455, a rise of 25 points from Wednesday. It was lower against the D-mark at DM 4.4800 from DM 4.5000, however, and eased against the Swiss franc to SwFr 3.9150 from SwFr 3.9575.

of the European Monetary System and now trading fairly steadily against the dollar. After falling to a five-year low against the U.S. currency in early August, the D-mark has improved on a slightly easier trend in U.S. interest rates and a better trade performance. The market remains nervous about future movements in U.S. interest rates, however — The D-mark showed little overall change yesterday, although it was slightly firmer within the EMS. The dollar fell to DM 2.4233 from DM 2.4370, with the Bundesbank selling nearly $19½m at the fixing. Sterling was fixed lower at DM 4.4780 compared with DM 4.4890, and the Dutch guilder slipped to DM 90.10 per Fl 100 from DM 90.12. On the other hand, the Swiss franc improved to DM 1.1408 from DM 1.1378.

FRENCH FRANC—Trading at a comfortable level within the EMS, despite persistent rumours of a devaluation of the currency. Theft rm level of U.S. interest rates has pushed the franc near to its lowest level for over 20 years against the dollar, but it The firm level of U.S. interest recently—The French franc was easier at yesterday's fixing in Paris, reflecting Government moves to reduce interest rates. The D-mark rose to FFr 2.3997 from FFr 2.3850 and the Belgian franc was higher at FFr 14.6510 per BFr 100 from FFr 14.6230. The Dutch guilder improved to FFr 2.1617 from FFr 2.1576, while outside the EMS the Swiss franc rose to FFr 2.7390 from FFr 2.7225. The dollar eased to FFr 5.8175 from FFr 5.8350, however, and sterling was lower at FFr 10.7440 from FFr 10.7490.

THE DOLLAR SPOT AND FORWARD

Sept 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8435-1.8520	1.8445-1.8455	0.68-0.78c dis	−4.75	2.18-2.28dis	−4.83
Ireland†	1.4880-1.5070	1.4990-1.5010	0.14-0.24c dis	−1.51	0.60-0.72dis	−1.75
Canada	1.1929-1.1970	1.1940-1.1943	0.52-0.57c dis	−5.48	0.97-1.02dis	−3.34
Nethlnd.	2.6980-2.6930	2.6890-2.6910	1.02-0.92c pm	4.33	3.17-3.07 pm	4.64
Belgium	39.70-39.81	39.79-39.81	8-11c dis	−2.57	22-27 dis	−2.47
Denmark	7.5700-7.6000	7.5800-7.6000	1-1¼ore dis	−1.78	¼ pm-¼ dis	—
W. Ger	2.4180-2.4310	2.4255-2.4265	1.22-1.16pf pm	5.89	3.71-3.65 pm	6.07
Portugal	66.40-66.65	65.90-65.90	10-45c dis	−5.02	25-125 dis	−4.57
Spain	97.30-97.50	97.30-97.35	15-30c dis	−2.77	35-55 dis	−1.85
Italy	1,212-1,214½	1,213-1,214	14-16lire dis	−14.83	44-47 dis	−14.99
Norway	6.0525-6.0720	6.0525-6.0625	2.60-2.10ore pm	4.65	8.00-7.50 pm	5.12
France	5.8100-5.8300	5.8250-5.8300	3½-4c dis	−7.49	10-11½ dis	−7.39
Sweden	5.1850-5.2050	5.1950-5.2050	1.65-1.45ore pm	3.58	5.10-4.90 pm	3.85
Japan	229.00-230.50	230.25-230.35	2.15-2.00y pm	10.81	6.35-6.20 pm	10.90
Austria	16.98-17.02½	16.99½-17.00½	10-8½gro pm	6.53	25½-21½ pm	5.53
Switz.	2.1130-2.1440	2.1195-2.1205	1.50-1.40c pm	8.21	4.60-4.50 pm	8.58

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Sept 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8435-1.8520	1.8445-1.8455	0.68-0.78c dis	−4.75	2.18-2.28dis	−4.83
Canada	2.2000-2.2140	2.2055-2.2065	1.50-1.60c dis	−8.43	4.25-4.45dis	−7.89
Nethlnd.	4.96-4.99	4.96½-4.97½	½-⅛c dis	−0.90	½-⅛ dis	−0.30
Belgium	73.25-73.65	73.40-73.50	37-47c dis	−5.86	130-140 dis	−7.35
Denmark	13.99-14.04	14.01-14.02	7¾-8½ore dis	−6.74	15½-17½ dis	−4.71
Ireland	1.2260-1.2330	1.2265-1.2280	0.26-0.38p dis	−3.13	0.85-1.00dis	−3.01
W. Ger.	4.48½-4.49½	4.47½-4.48½	¼-¼pf pm	1.34	1½-1¼ pm	1.34
Portugal	120.70-121.75	121.00-121.30	10-45c dis	−2.72	25-125 dis	−2.48
Spain	179.25-180.50	179.85-179.95	85-115c dis	−6.67	260-300 dis	−6.23
Italy	2,237-2,244	2,238-2,240	33-35lire dis	−18.22	102½-5½dis	−18.58
Norway	11.17-11.22	11.18-11.19	1½ore pm-½ dis	0.40	1½-½ pm	0.38
France	10.73½-10.78½	10.74½-10.75½	10¾-11¾c dis	−12.56	31½-32½dis	−12.00
Sweden	9.59-9.62	9.58½-9.60½	½-1½ore dis	−1.26	½-1½ dis	−0.52
Japan	422-427	424½-425½	2.20-1.90y pm	5.79	6.65-6.35 pm	6.12
Austria	31.25-31.50	31.37-31.42	5gro pm-par	0.96	10 pm-par	0.64
Switz.	3.90-3.95	3.91-3.92	1½-⅞c pm	3.45	3½-3½ pm	3.45

Belgian rate is for convertible francs. Financial franc 79.90-80.00. Six-month forward dollar 4.17-4.27c dis. 12-month 6.80-6.95c dis.

CURRENCY MOVEMENTS

Sept. 3	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.8	−32.6
U.S. dollar	110.4	+ 3.6
Canadian dollar	89.1	−15.4
Austrian schilling	112.0	+22.9
Belgian franc	105.1	+ 9.3
Danish kroner	86.0	−10.7
Deutsche mark	116.8	+88.3
Swiss franc	154.2	+81.5
Guilder	108.5	+15.0
French franc	81.8	−12.1
Lira	57.2	−56.8
Yen	141.1	+38.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.615982	0.559174
U.S. $	14	1.13433	1.03000
Canadian $	21.07	1.35643	1.23147
Austria Sch.	6¾	19.4095	17.6130
Belgian F.	15	45.2598	41.1124
Danish K.	11	8.63792	7.85631
D mark	7½	2.76436	2.51062
Guilder	9	3.06725	2.78666
French Fr.	9½	6.61882	6.01004
Lira	19	1381.90	1254.80
Yen	6¼	261.236	236.591
Norwgn. Kr.	9	6.88425	6.25415
Spanish Pts.	8	111.035	100.785
Swedish Kr.	12	5.90362	5.36320
Swiss Fr.	6	2.42951	2.20811
Greek Dr'ch.	20½	—	61.4394

OTHER CURRENCIES

Sept. 3	£	$		£ Note Rates
Argentina Peso	9928-9948†	5362-5382†	Austria	31.30-31.70
Australia Dollar	1.6040-1.6080	0.8690-0.8695	Belgium	79.40-80.20
Brazil Cruzeiro	188.99-189.99	102.18-102.69	Denmark	13.94-14.09
Finland Markka	8.369-8.377	4.5309-4.5320	France	10.70-10.90
Greek Drachma	109.174-111.486	59.20-59.35	Germany	4.45½-4.50½
Hong Kong Dollar	10.97½-10.99½	5.9420-5.9450	Italy	2200-2270
Iran Rial	149.35*	81.15*	Japan	423-428
Kuwait Dinar (KD)	0.520-0.526	0.2829-0.2831	Netherlands	4.94½-4.99½
Luxembourg Fr.	73.40-73.50	39.79-39.81	Norway	11.15-11.27
Malaysia Dollar	4.3625-4.3725	2.3620-2.3640	Portugal	118¼-127¼
New Zealand Dlr.	2.2200-2.2250	1.2025-1.2035	Spain	174-185½
Saudi Arab. Riyal	6.29-6.35	3.4190-3.4210	Sweden	9.56-9.66
Singapore Dollar	3.9925-4.0025	2.1610-2.1630	Switzerland	3.90-3.94
Sth. African Rand	1.7425-1.7445	0.9445-0.9455	United States	1.83¾-1.85¼
U.A.E. Dirham	6.76-6.81	3.6690-3.6730	Yugoslavia	76-79

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,726-13,746 and for the dollar 7,400-7,450. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.1065	+0.75	+1.16	±1.5381
Danish Krone	7.91917	7.85678	−0.79	−0.38	±1.6413
German D-Mark	2.54502	2.50806	−1.45	−1.04	±1.1386
French Franc	5.99526	6.01749	+0.37	+0.78	±1.3638
Dutch Guilder	2.81318	2.78375	−1.05	−0.64	±1.5159
Irish Punt	0.685145	0.687592	+0.36	+0.77	±1.6689
Italian Lira	1262.92	1255.58	−0.58	−0.58	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.846	4.480	425.0	10.75	3.915	4.970	2239.	2.206	73.45
U.S. Dollar	0.542	1.	2.428	230.4	5.827	2.122	2.694	1214.	1.196	39.81
Deutschemark	0.223	0.412	1.	94.87	2.400	0.874	1.109	499.8	0.492	16.40
Japanese Yen 1,000	2.353	4.341	10.54	1000.	25.29	9.212	11.69	5268.	5.191	172.8
French Franc 10	0.930	1.716	4.167	395.3	10.	3.642	4.623	2083.	2.052	68.33
Swiss Franc	0.255	0.471	1.144	108.5	2.746	1.	1.269	571.9	0.563	18.76
Dutch Guilder	0.201	0.371	0.901	85.51	2.163	0.788	1.	450.5	0.444	14.78
Italian Lira 1,000	0.447	0.824	2.001	189.8	4.801	1.749	2.220	1000.	0.985	32.80
Canadian Dollar	0.453	0.836	2.031	192.7	4.873	1.775	2.253	1015.	1.	33.30
Belgian Franc 100	1.361	2.512	6.099	578.6	14.64	5.330	6.767	3048.	3.003	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 3)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 11/16	offer 18 15/16	bid 18 15/16	offer 18 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¼-12⅝	17-17¼	22½-23½	13½-13⅝	—	11⅛-11⅜	17-20	19-22	14-16	6¾-7¼
7 days' notice	12⅞-13⅛	17¼-17½	22½-23½	13⅜-13⅝	8½-9	11⅛-12⅛	20-23	24-27	15-18	7⅛-7⅜
Month	13⅜-13⅝	18-18¼	21¾-22½	13⅝-13⅞	10½-10¾	12⅛-12⅜	25-27	31¼-32¾	19¾-21¾	7¼-7½
Three months	13⅜-13⅝	18½-18¾	21⅛-21¾	13⅜-14⅛	10⅛-10⅜	12⅜-12⅝	25-27	32¼-33¼	21-22	7¼-7½
Six months	14⅛-14⅜	18⅜-18⅝	20¾-21½	13⅛-13⅜	10⅛-10⅜	12⅜-12¾	24¼-25¼	31¼-32¼	19¾-20¾	7¼-7½
One Year	14⅛-14⅜	18-18¼	19¾-20½	13¼-13½	9⅜-9⅝	12⅛-12⅜	22½-23½	29½-30½	18⅛-19⅛	7½-8

SDR linked deposits: one-month 15⅝-15⅞ per cent; three-months 16-16⅛ per cent; six-months 16⅝-16⅞ per cent; one-year 15⅝-16⅛ per cent.
SCU linked deposits: one-month 16⅞-17⅛ per cent; three-months 17⅞-18⅛ per cent; six-months 17⅝-17⅞ per cent; one-year 18⅛-17⅞ per cent.
Asian $ (closing rates in Singapore): one-month 18⅝-18⅞ per cent; three-months 18⅝-18⅞ per cent; six-months 18⅝-18⅞ per cent; one-year 18⅛-18⅜ per cent. Long-term Eurodollar two-years 17⅛-17⅜ per cent; three-years 17⅛-17⅜ per cent; four-years 16⅞-17⅛ per cent; five-years 16¾-17 per cent; nominal closing rates.
The following nominal rates were quoted for London certificates of deposit: one-month 17.75-17.85 per cent; three-months 18.15-18.25 per cent; six-months 18.35-18.45 per cent; one-year 17.85-17.95 per cent.

MONEY MARKETS

Adequate supply

London clearing banks base lending rates 12 per cent

Money was in adequate supply in the London money market again yesterday, and the authorities did not intervene for the third day running. Short-term around 13 1/16 per cent, and seven-change, with three-month eligible bank bills steady at around 17 1/16 per cent, and seven-day interbank money unchanged at 12¾-13 per cent.

In the interbank market overnight loans opened at 12½-12¾ per cent, and eased to 12¼-12½ per cent on the early morning forecast from the authorities that conditions were likely to be in balance in the money market. There was no change in the forecast until the afternoon, when the Bank of England suggested that money was probably in surplus by about £100m. This led to a sharp fall in day-to-day funds, which closed around 2 per cent.

Once again discount houses balanced their books too early to balanced their books to early to take advantage of the late fall however, paying 11½-12½ per cent for secured call loans throughout the day.

In the morning the authorities announced that the main factors were: a net take-up of Treasury bills of −£60m, and a fall in the note circulation of +£40m.

In Zurich the Swiss National Bank acted to drain liquidity in the banking system. No details were given by the central bank, but it was reported in the money market that the authorities had renewed one-week dollar/Swiss franc swaps at 7½ per cent, compared with recent levels of 3 per cent or less.

The action was designed to make clear that the National Bank is determined to exert control, and is no longer willing to meet demands for additional liquidity at the previous low interest rates.

In Amsterdam call money fell to 13¾-13⅞ per cent from 13¾-14 per cent, while one-month funds fell to 13⅝-13⅞ per cent from 13¾-14 per cent, but longer term rates were unchanged.

In Rome the Bank of Italy drained L700bn from the domestic money market by way of reverse repurchase orders on one-year Treasury bills. The maximum rate on September 30 maturities was 19.60, and the average rate was 19.57 pe rcent. Earlier this week the authorities absorbed L525bn at a maximum rate of 19.60 per cent and an average of 19.58 per cent.

In Paris the yield on three-month Treasury bilsl fell to 17.5 per cent from 17.807 per cent, and the central bank allocated FFr 1.510bn on bids of FFr 2.540bn. Moves were also expected lowering the rate of return offered by French banks on time deposits of less than FFr 500,000. This was seen as a measure to stimulate the sluggish economy.

MONEY RATES

NEW YORK	
Prime rate	20-20½
Fed. funds	17-17¾
Treasury bills (13-week)	15.62
Treasury bills (26-week)	15.71
GERMANY	
Special Lombard	12.00
Overnight rate	12.00
One month	12.65
Three months	12.85
Six months	13.025
FRANCE	
Intervention rate	17.0
Overnight rate	17.375
One month	17.125
Three months	17.375
Six months	16.875
JAPAN	
Discount rate	6.25
Call (unconditional)	7.50
Bill discount (three-month)	7.40625

GOLD

Further rise

Gold rose $6½ an ounce in the London bullion market yesterday to close at $435-437. It opened at $435½-437½ and was fixed at $435.25 in the morning and $436.50 in the afternoon. Trading remained quiet although the slightly firmer trend may have reflected the long weekend in the U.S. due to Labor Day next Monday.

In Paris the 12½ kilo bar was fixed at FFr 89,000 per kilo ($475.83 per ounce) in the afternoon, compared with FFr 89,500 ($478.9) in the morning and FFr 89,100 ($474.94) on Wednesday afternoon.

In Frankfurt gold closed at $435½-437½ against $429-431.

In Zurich gold finished at $435-438 compared with $429-432.

	Sept. 3		Sept. 2	
Gold Bullion (fine ounce)				
Close	$435-437	(£235½-236½)	$428½-430½	(£232¼-233¼)
Opening	$435½-437½	(£235¾-236¾)	$428-430	(£232¼-233¼)
Morning fixing	$435.25	(£235.398)	$431.50	(£234.091)
Afternoon fixing	$436.50	(£236.214)	$430	(£233.379)
Gold Coins				
Krugerrand	$448½-449½	(£242¾-243¼)	$443-444	(£240½-241)
1/2 Krugerrand	$234-235	(£126¾-127¼)	$228-229	(£123¾-124¼)
1/4 Krugerrand	$119-120	(£64½-65)	$116-117	(£63-63½)
1/10 Krugerrand	$50-51	(£27-27½)	$47½-48½	(£25¾-26¼)
Mapleleaf	$448½-449½	(£242¾-243¼)	$443-444	(£240½-241)
New Sovereigns	$108¼-109	(£58½-59)	$107¼-108	(£58¼-58¾)
King Sovereigns	$122-124	(£66-67)	$120½-122½	(£65½-66½)
Victoria Sovs	$122-124	(£66-67)	$120½-122½	(£65½-66½)
French 20s	$125-131	(£67¾-71)	$123-129	(£66¾-70)
50 pesos Mexico	$541-544	(£293-294½)	$533-536	(£289¼-291)
100 Cor. Austria	$422-425	(£228½-230)	$417-420	(£226¼-228)
$20 Eagles	$575-580	(£311¼-314)	$569-574	(£308¾-311½)

LONDON MONEY RATES

Sept. 3 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	2-12¾	12⅛-12⅞	—	—	12¼-12¾	11⅛-12¼	—	—	—
2 days notice	—	—	13-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-13	13¼-13⅜	—	13	12⅞-13¼	12⅞	—	—	—
One month	13⅛-13¼	13⅛-13⅛	13½	14¼-14	13⅛	13⅜-13⅞	12¾-12⅞	12⅞	12⅞	13⅜
Two months	13⅝-13½	13½-13⅝	—	14¼-14	13⅜	13⅜-13⅞	13	12⅞-12⅞	13⅜	13⅞
Three months	13⅞-13⅛	13¾-13⅞	13⅞	14¼-14	13⅞	14¼	13⅛	13⅛-13¼	13⅜	13⅞
Six months	14⅛-13⅞	14-14⅛	14	13¾-13½	14⅛	—	—	—	13⅞-13¼	14
Nine months	14⅛-14	14⅛-14⅛	—	14⅛-14	14⅛	—	—	—	—	—
One year	14⅛-14⅛	14⅛-14¼	14⅛	14⅛-14	14¼	—	—	—	—	—
Two years	—	—	14½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14½ per cent; four years 14¾ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13¾ per cent; four-months trade bills 13⅞ per cent.

Approximate selling rate for one-month Treasury bills 12 29/32 per cent; two-months 12 29/32 per cent; three-months 13-13⅛ per cent. Approximate selling rate for one-month bank bills 12 31/32 per cent; two-months 12⅞-12 31/32 per cent and three-months 13⅛ per cent; one-month trade bills 13⅜ per cent; two-months 13⅜ per cent and three-months 13⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 12.2460 per cent.

Nippon Electric listing

Nippon Electric, Japan's largest manufacturer of communications systems and producer of computers and industrial electric systems, has applied for a quotation for its common stock on the Stock Exchange.

Nippon Electric plans to place £40m convertible bonds 1996 in the market on September 8 through a syndicate of 10 banks.

The funds are to finance its capital investment programme including a new plant in Livingstone, Scotland.

The application for listing is sponsored by merchant bankers Credit Suisse, First Boston, with Vickers da Costa acting as broker.

Home Video placing

Hill Woolgar the licensed dealer set up last spring by Mr John Woolgar, a former director of Tring Hall Securities, is bringing its first company to market this week.

It is Home Video Holdings, a company established only four months ago to acquire rights to make video cassettes of commercial films and then distribute the cassettes.

Hill Woolgar is raising a net £210,000 for the company by way of a placing of 220,000 ordinary £1 shares at £1.15. The directors hold 75,000 deferred 10p shares.

Home Video, which is forecasting a profit before tax of £200,000 in the year to June 1982, is not seeking a quotation for its shares but Hill Woolgar will be making a market in them.

A profit and loss statement covering only three weeks operation to June 30 1981 shows profit before tax of £11,500 on sales of £56,823. The main contribution came from the acquisition of UK rights to the film, Atlantic City.

Net tangible assets at June 30 were £54,000.

Chief executive of the company is Mr P. D. Abbey, 35, who is said to have been involved in the financing, production and setting up of a variety of film and television projects.

Bogod Pelepah

AS FORECAST at the interim stage, profits before tax of Bogod-Pelepah were substantially reduced for the year ended March 31 1981.

Although turnover moved ahead from £5.7m to £7.11m the pre-tax surplus dropped to £191,507 for the 12 months, compared with £458,233—at

The dividend for the year on the 10p ordinary shares is down from 0.59p to 0.4p net, with a final of 0.3p, and on the "A" ordinary shares of 10p, the payment is reduced to 0.8p (1.18p) net, with a final distribution of 0.6p.

MINING NEWS

Gencor earnings set for year-end record

BY KENNETH MARSTON, MINING EDITOR

AFTER THE depressing results recently announced by the Australian mining groups, those for the first half of this year from South Africa's General Mining Union Corporation group (Gencor) make particularly cheerful reading.

Net profits have risen to R147.8m (£84.9m), or 185 cents per share, from R126.2m in the same period of last year. The 1980 total was R269.7m and should be comfortably exceeded this year because Gencor reckons that in the absence of unforeseen circumstances second half earnings should match those of the first six months.

The interim dividend is being raised by 5 cents to 55 cents (31.6p). The 1980 total was 150 cents.

During the latest half year income attributable to ordinary shareholders from the group's industrial interests rose to R56.6m from R32.3m a year ago while that of gold and uranium increased to R54.4m from R49.1m.

Financial activities provided R19.9m against R16.5m while income from coal rose to R11.1m from R7m. Platinum provided R10.9m against R10.6m while minerals and beneficiation did less well at R5.2m against R5.6m. There is no surplus arising from realisation of investments on the latest occasion compared with a net R11.4m last time. mill in the Eastern Transvaal.

Gencor's Sappi is to build an R800m integrated pulp and paper The largest single paper industry project underway in the world, it is due to be commissioned in 1985 and will raise Sappi's total pulp and paper capacity to about 860,000 tonnes a year from 600,000 tonnes.

Gencor is the second biggest mining finance house in South Africa and has achieved major growth over the past few years. The shares at £11⅜ are backed by net assets of 2,719 cents (£15.62p) and earnings for the current half-year will be given an extra fillip if the current recovery in gold prices is main-

Six months ended	30/6/81 Rm	30/6/80 Rm
Attributable	147.8	126.2
Operating income	173.3	124.0
Inc. from invests.	92.0	71.0
Surplus on realisation of invsts.	—	17.5
Making	265.3	212.5
Interest paid	36.6	23.6
Exploration costs	10.3	6.3
Grp. inc. before tax	218.4	182.6
Taxation	33.3	31.4
Grp. inc. after tax	185.1	151.2
Outside s'hldrs. and and pref. dividends	37.3	25.0

Samancor still in tough times

LOWER pre-tax profits for the six-month period to August 20 of R19.7m (£11.3m) compared with R27.9 in the same period of last year are reported by South African Manganese Amcor (Samancor) the ore and ferro-alloys producer.

The company says that although the latest profits are well down, they are substantially better than in the final six months of the previous financial period.

However, it is pointed out that much of the recovery resulted from a fall in the South African rand's value against the U.S. dollar. About 75 per cent of the company's products are exported and sales continue to be affected by the depressed state of the world's steel industries.

Sales prices, generally denominated in dollars, are still weak and sales tonnages have declined. Even so, management believes that a continuing weakness of the South African currency will materially offset the effects of poor market conditions expected during the current six months to February 20, 1982.

The low level of earnings is, however, expected to continue for the rest of the current financial year as no significant upturn in the overseas steel industries is expected until 1982.

An unchanged interim dividend of 4 cents (2.3p) has been declared, from first-half earnings of 9.4 cents a share. The six months to August 20 1980 resulted in earnings of 13.6 cents a share. In the 14 months to February 20 1981 earnings were 18 cents and the total dividend 8 cents.

Kamunting and Sungei Besi

MALAYSIA'S Kamunting Tin Dredging warns in the annual report that although tin concentrate production is expected to improve in the current year to March 31, declining tin prices and rising costs will adversely affect earnings.

The current mining lease will have been worked out by the end of next year. No new mining areas have been found and the company is hoping to diversify into other investment opportunities.

Sungei Besi is also running out of ore reserves and production is expected to be substantially lower in the current year to next March.

However, the company has now been given permission to start prospecting work on a strip of land partly in Selangor and partly in the Federal Territory. Meanwhile, the search continues for new investment opportunities.

Rand London's coal problems

TECHNICAL problems at its Kempslust coking coal mine have resulted in a fall in earnings of South Africa's Rand London Corporation for the year to June 30.

They have come back to R4.45m (£2.56m), equal to 18 cents (10.3p) per share, from R6.55m in 1979-80 when there was a dividend of 13 cents. No dividend is being declared for the past year.

In February last year the group raised some R10m by offering shareholders 22 per cent of the shares in its Rand London Coal subsidiary.

Earnings of the coal subsidiary were expected to reach 44.5 cents per share in the year to June 30 last. In the event they have dropped to only 7 cents.

Rand London Corporation says that the Kempslust problems stem from poor roof conditions at the mine and that these problems have now been substantially resolved. But the revised mining plan will result in future profitability of Kempslust not achieving the levels previously envisaged.

Another strike at Hamersley

HARD on the heels of CRA's 84 per cent drop in first half profits and warning to those who "attempt to share out benefits before they exist," comes news of another strike at the Australian group's Hamersley Holdings.

It has shut down operations at the Mount Tom Price iron ore mine, but production from the Paraburdoo mine and the Dampier port operations are not affected.

The dispute, which involves about 160 fitters at Tom Price and has led to the rest of the staff being laid off, has been taken to arbitration.

Western Australia's iron ore industry has a particularly bad record of labour unrest. Partly because of this, saleable ore produced by Hamersley in the six months to June 30 amounted to 14.78m tonnes compared with 20.86m tonnes in the same period of last year.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 2, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.4858
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.837
	Sp. Peseta	97.92
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (C) (4)	5218.00
	Peso (F) (5)	7595.00
Australia	Dollar	0.8705
Austria	Schilling	17.1025
Azores	Port. Escudo	65.75
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	97.92
Bangladesh	Taka	15.6467
Barbados	Dollar	2.01
Belgium	Franc (C)	39.93
	Franc (F)	43.20
Belize	Dollar	2.00
Benin	C.F.A. Franc	291.85
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.09
Bolivia	Peso	24.75
Botswana	Pula	0.8858
Brazil	Cruzeiro	102.43
Brunei	Dollar	2.16
Bulgaria	Lev	0.958
Burma	Kyat	6.66
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	291.85
Canada	Dollar	1.197
Canary Is.	Sp. Peseta	97.92
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	291.85
Chad	C.F.A. Franc	291.85
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.777
Colombia	Peso (O)	55.45
Comoros	C.F.A. Franc	291.85
Congo P'ple. Rep. of	C.F.A. Franc	291.85
Costa Rica	Colon (O)	8.60
	Colon	20.03
Cuba	Peso	0.7313
Cyprus	Pound*	2.2026
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.6255
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.425
Egypt	Pound* (O)	1.4493
Egypt	Pound* (3)	1.2048
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	195.84
Ethiopia	Birr (O)	2.0469
Faeroe Is.	Dan. Krone	7.6255
Falkland Is.	Pound*	1.8418
Fiji	Dollar	0.8858
Finland	Markka	4.539
France	Franc	5.837
Fr. C'ty in Af.	C.F.A. Franc	291.85
Fr. Guiana	Franc	5.837
Fr. Pac. Is.	C.F.P. Franc	103.16
Gabon	C.F.A. Franc	291.85
Gambia	Dalasi	2.1718
Germany (E)	Ostmark (O)	2.4375
Germany (W)	Mark	2.4375
Ghana	Cedi	2.75
Gibraltar	Pound*	1.8418
Greece	Drachma	59.59
Greenland	Dan. Krone	7.6255
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.837
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	36.791
Guinea Rep.	Syli	21.7628
Guyana	Dollar	2.9938
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.94
Hungary	Forint	33.44
Iceland	Krona	7.173
India	Rupee	9.09
Indonesia	Rupiah	630.00
Iran	Rial (O)	81.00
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.498
Israel	Shekel	12.69
Italy	Lira	1218.00
Ivory Coast	C.F.A. Franc	291.85
Jamaica	Dollar	1.7834
Japan	Yen	229.70
Jordan	Dinar	0.34
Kampuchea	Riel	n.a.
Kenya	Shilling	8.9484
Kiribati	Aust. Dollar	0.8705
Korea (Nth)	Won	0.94
Korea (Sth)	Won	686.00
Kuwait	Dinar	0.2831
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.62
Lesotho	Loti	0.9452
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.1445
Luxembourg	Lux Franc	39.93
Macao	Pataca	6.175
Madagascar D. R.	Franc	291.85
Madeira	Port. Escudo	65.75
Malawi	Kwacha	0.9337
Malaysia	Ringgit	2.365
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	583.70
Malta	Pound*	2.4171
Martinique	Franc	5.837
Mauritania	Ouguiya	58.37
Mauritius	Rupee	8.8162
Mexico	Peso	24.835
Miquelon	Fr. Franc	5.837
Monaco	Fr. Franc	5.837
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.5645
Mozambique	Metica	30.0621
Namibia	S.A. Rand	0.9452
Nauru Is.	Aust. Dollar	0.8706
Nepal	Rupee	12.00
Netherlands	Guilder	2.705
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2074
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	291.85
Nigeria	Naira (O)	0.6194
Norway	Krone	6.072
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6858
Paraguay	Guarani	126.00
Peru	Sol	433.53
Philippines	Peso	7.96
Pitcairn Is.	N.Z. Dollar	1.2074
Poland	Zloty (O)	31.00
Portugal	Escudo	65.75
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.837
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.8418
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.837
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.0811
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1218.00
Sao Tome & Principe DR	Dobra	39.8931
Saudi Arabia	Riyal	3.4192
Senegal	C.F.A. Franc	291.85
Seychelles	Rupee	7.3348
Sierra Leone	Leone	1.2051
Singapore	Dollar	2.16
Solomon Is.	Dollar	0.8925
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9452
Spain	Peseta	97.92
Span. Ports in N. Africa	Sp. Peseta	97.92
Sri Lanka	Rupee	19.6818
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9452
Sweden	Krone	5.207
Switzerland	Franc	2.1445
Syria	Pound	3.9269
Taiwan	Dollar (O)	36.50
Tanzania	Shilling	8.1442
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	291.85
Tonga Is.	Pa'anga	0.8705
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5316
Turkey	Lira	121.50
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8705
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6732
Utd. Kingdom	Pound Sterling*	1.8418
Upper Volta	C.F.A. Franc	291.85
Uruguay	Peso	11.12
U.S.S.R.	Rouble	0.7802
Vanuatu	Vatu	94.3354
Vanuatu	Aust. Dollar	0.8705
Vatican	It. Lira	1218.00
Venezuela	Bolivar	4.29
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3418
Yugoslavia	Dinar	39.32
Zaire Rp.	Zaire	5.5976
Zambia	Kwacha	0.903
Zimbabwe	Dollar	0.7299

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers.

Christian Dior draws up a design for survival

BY DAVID WHITE IN PARIS

CHRISTIAN DIOR is one of those companies that is an image by itself. But the fashion house, one of less than two dozen big names in the Paris "couture-création" business, is now working hard to protect its name and to stop it going down with its troubled owner, the Agache-Willot textile group.

For the second time in three years, *Dior finds itself in the* shadow of a bankruptcy case. First it was the textile empire of M Marcel Boussac, the man who "*discovered*" and backed the designer M Christian Dior. Now it is the group that took over Boussac.

Dior is faced again with having its parent company undergo court settlement proceedings. *Its self-esteem has also been* knocked by press reports about the indictment of two of the Willot brothers, who were also on the Dior board. Upset by headlines such as "Dior owners under arrest," M Jacques *Rouët, Dior's chairman, has* taken the exceptional step of a public relations campaign.

Dior, almost wholly-owned by Boussac-Saint Frères, the Agache-Willot industrial subsidiary which has filed for bankruptcy, is being kept apart from the current settlement proceedings. The administrator put in charge of the affair ensured that *M Jean-Pierre Willot* and M Antoine Willot resigned their Dior board posts.

M Rouët, 64, has been joined on the board by M Anatole Temkine, respected head of the Industrial Development Institute, who *is acting as adviser* in the Agache-Willot case, and by M Jacques Kosciusko-Morizet, former ambassador to the U.S., where Dior—88 per cent of its sales are exported—has its biggest market.

To these announcements, Dior added that it was doing well: group first half profit rose 17 per cent on turnover, 41 per *cent higher, and U.S. receipts* in terms of French francs rose 80 per cent. Its only wish was to be able to invest.

For the past 8 to 10 years, M Rouët says, it has been unable to invest at all, since all its earnings have gone into keeping its parent companies afloat. Even its prestige headquarters on Avenue Montaigne in Paris *was sold under a lease-back* arrangement. Part of the charges brought against the Willot brothers involve their use of Dior assets—the jewel they brought along with M Boussac's broken crown.

Dior dates back to 1946. M Rouët, a former civil servant, was brought in at the outset. The following spring the New Look, with its longer skirts, narrow waists and prominent shoulders, brought Dior world *renown. It branched out into* perfumes, furs and accessories, went into the U.S. and pioneered with licensing deals.

When M Christian Dior died in 1957, it was the 21-year-old M. Yves Saint-Laurent who *took over the design side.* He was succeeded in 1960 by M Marc Bohan. Dior went into off-the-peg women's clothes and menswear. But in 1972 the already-troubled Boussac sold off the perfume interests to Moët-Hennessy the brandy and champagne group. Most of the couturiers have perfume subsidiaries but Dior's has long been a separate company, linked *only in its effort to* promote the common name.

For M Rouët, the golden age of Dior lasted from 1947 to 1957. Since M Dior's death the company, *which* counts Princess Grace of Monaco among its clients, has had to make way for the growth of the ready-to-wear *business.*

hTe three years of Willot administration have brought some benefits. Capital was *reinforced from a mere* FFr 6m to FFr 133m ($22.5m). Holdings were brought together from different parts of the old Boussac structure and Dior was given full control of its subsidiaries and—before the lease-back deal—its buildings. But at the same time it was "sterilised," to use M Rouët's expression, by having no funds to *invest.*

The parent company's share of total turnover has progressively diminished in favour of licensees. From 30 per cent a decade ago it was down to 12.6 per cent last year out of total sales of *FFr 1.66bn. Indirect* sales rose more than 25 per cent, direct sales by less than 1 per cent. This year the proportion may be down to one-tenth direct sales. M Rouët wants to get it back to perhaps 18 per cent *by reinforcing Dior's own* activity.

M Rouët envisages three *main investment areas:* closer association with some of the company's fashion, fur and sportswear licensees through participation in their capital, expansion of its Paris sales area, and new boutiques in six to eight big cities.

Dior already has an offshoot in Conduit Street, London, but would rather it were in Bond Street or Knightsbridge. It plans others in the U.S., Japan, West Germany, Italy, Switzerland and Spain. "We are not afraid of expansion," says M Rouët.

The company's operating profit before tax and exceptional charges rose last year to FFr 51.4m from FFr 45.5m, and is expected to be more than FFr 60m this year.

Design, distribution, quality and promotion all come under *rigid contracts, and the* company maintains representatives in each country. These costs, including the Dior design bureaux, have to be taken out of the 4 per cent to 5 per cent gross which Dior receives from its licensees.

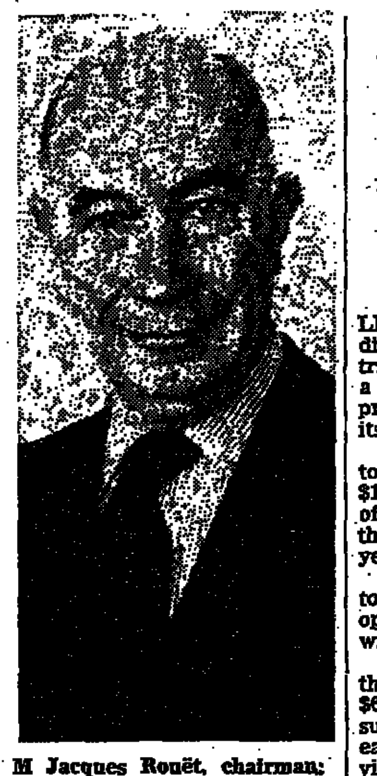
Its investment plans would increase its own profit potential. But these still depend on Dior's future ownership, and that decision is out of its hands.

Various rumours have circulated *about takeover* plans for Dior, including one involving Moët-Hennessy which would bring the fashion and perfume arms together again.

The works council, on which the chairman and Dior's 1,000-plus other employees are represented, has submitted three "wishes" to the court-appointed *administrator who has interim* responsibility for the parent group.

It wants Dior to be able to expand and create new jobs. It does not want Dior to be given away again as a "bonus" in a *takeover deal. And it wants Dior* to stay French.

But then it is hard to imagine it being anything else.



M Jacques Rouët, chairman: in from the start in 1946

Litton advances in fourth quarter

By Paul Betts in New York

LITTON INDUSTRIES, the diversified defence and indus*trial group, yesterday reported* a 12.5 per cent increase in profits for the fourth quarter of its fiscal year.

Earnings in the latest period totalled $88.5m on sales of $1.31bn compared with earnings of $78.6m on sales of $1.1bn in the same quarter of the previous year.

For its year to July 31, Litton reported net profits *from* operations of $305.6m compared with $276.8m in the year before.

But the company said that in the latest year, an extraordinary $6m gain from the sale of a subsidiary increased overall net earnings to $311.6m. The previous year, an extraordinary gain of $14m from the sale of another subsidiary made the overall net total $290.8m.

Annual sales rose by 16 per cent to $4.94bn from $4.25bn the year before.

Strong growth at Canadian Imperial Bank

By Our Financial Staff

CANADIAN IMPERIAL Bank of Commerce, the country's second largest chartered bank, reported sharply higher growth in *the third* quarter ended July 31.

It more than doubled net earnings to C$85.7m (US$71m), or C$2.07 a share, from C$39.8m or C$1.02 a year earlier, on revenues up 50 per cent to C$2.39bn from C$1.6bn.

This brought nine-months' earnings to C$225.9m, or C$5.54 a share, up by 70 per cent from C$133.2m, or C$3.40 a share. Revenues rose 35 per cent to C$6.3bn.

Canadian interest rates are running at levels above U.S. rates as part of the federal Government's efforts to support the weak Canadian dollar. Most of the country's major banks have been reporting sharply higher domestic earnings.

Cheung Kong profits surge in first half

By our Hong Kong Correspondent

CHEUNG KONG Holdings, the property developer and investment concern headed by Mr *Li Ka-Shing which owns more* than 40 per cent of Hutchison Whampoa, the trading house, lifted half-year profits by 275 per cent to HK$546.7m (U.S.$92m) and has forecast doubled annual profits of HK$1.3bn.

After including extraordinary profits of HK$45.4m attributable earnings came to HK$592.1m for the six months to June 30. A dividend of 22 cents a share will be paid, which represents a 43 per cent increase after adjustment for a recent *three-for-10* scrip issue. Net earnings per share were HK$1.48.

In the six months four buildings in which Cheung Kong had an interest were completed and a number of joint ventures were *formed.* Also, in conjunction with Hongkong Electric Holdings, Cheung Kong floated Inter*national City Holdings,* one of the most successful new listings this year. International City owns eight properties planned *for development.* Joint ventures involving Cheung Kong have eight buildings due for completion during the second half of the year.

Hutchison up by 44%

By Our Hong Kong Correspondent

HUTCHISON WHAMPOA, the *trading house, has reported a* 44 per cent increase in net half-year profits to HK$352.2m (U.S.$60m) mainly because of the contribution from property development.

Extra-ordinary profits for the six *months ending* June 30 amounted to HK$40.9m, compared with last year's HK$217.9m. An interim dividend of 13 cents has been declared, against 11 cents previously. Profits from property development and investment in the first half of the year increased with the completion of several major projects and the *return on holdings in Australia.*

The company also said that negotiations with the Hong Kong Government on redevelopment of the Hunghom dockyard site had passed the first hurdle with conditional agreement in principle given to Hutchison's proposals for its commercial/residential use.

Mr Li Ka-Shing, the chairman, *said* that the performance of the group's trading activities was mixed. The wholesaling operations of John D. Hutchison and Hutchison-Boag produced good results, while earnings from A. S. Watson was below target.

"Both our container terminal operations at Kwai Chung and the quarrying activities of *Anderson Asia* have produced strong performances," he said.

Hutchison is in the process of acquiring the minority interests in three subsidiaries—Anderson Asia, Hutchison-Boag, and A. S. Watson—at a cost of *HK$560m.*

$250m standby credit for Broken Hill Proprietary

BY GEORGE MARSHALL IN SYDNEY

BROKEN HILL Proprietary, the steel, mining and energy group, which is Australia's largest company, has set up a US$250m standby credit, and cleared the way for raising an additional US$100m. The funding arrangements *back several major* projects.

The financing arrangements are revealed in the company's annual report which also shows that the company has added A$364m (US$415m) to the asset *revaluation reserve* of the major subsidiary in the oil and gas division, Hematite Petroleum.

The credit arrangements comprise US$200m in standby credits from international *banks, and an* A$50m standby from Australian banks. In addition, the company has an arrangement to issue US$100m *in commercial paper* in the U.S. BHP had obtained Triple A rating for the U.S. paper, and Federal Reserve of the U.S. approval, it said.

These fund raising measures are supplemented by last *Wednesday's* payment of A$164.8m by shareholders making the final instalment on the company's contributing shares.

The share raising and the US$250m funding arrangements give BHP access to approximately A$312m, beside the liquid funds of A$281.3m at the balance sheet date.

Last July, when the company announced its annual results, the directors said that new investment spending in the last financial year was a record A$661m. No estimate has been given for spending in the current financial year. The size of the capital raising, however, suggests that last year's level at least will be equalled.

Among the projects which are moving into the heavy expenditure phase are the North West *Shelf gasfield,* the OK Tedi gold and copper venture in Papua New Guinea, two coal projects in New South Wales and Queensland, and the Worsley aluminium project in Western Australia.

As previously reported, BHP earnings for the last financial year totalled A$258m, compared with A$209m, *after providing* a fixed *asset* valuation adjustment to reflect inflation. On the conventional accounting basis earnings were up from A$396m to A$486.5m, after tax and minorities.

Japanese convertible bonds fall

BY ALAN FRIEDMAN

THE WIDELY expected $100m Eurodollar convertible issue from Toshiba, the Japanese electronics company, did not *materialise last night amid re*ports of heavy selling of recent Japanese convertible issues in the secondary market.

Fears were growing yesterday tht the rush of Japanese convertibles might lead to a sharp *setback to the primary and* secondary markets for these securities.

In particular, there was a growing concern that several managers might withdraw from the recently launched $50m *Minolta* convertible unless agreement is reached on the pricing of the issue. The 15-year issue, with a 5 per cent coupon, has not yet been priced.

The $25m 15-year issue from JACCS (the Japanese credit company) yesterday fell 8 points from par in its first day of trading. Other Japanese *issues fell by similar amounts.*

Elsewhere in the Eurodollar market, trading was said to be quiet, with an overall rise of about ½ point.

A $50m eight-year bond for Niagara Mohaw Power, the U.S. *utility, was* launched yesterday with Salomon Brothers, Merrill Lynch and Credit Lyonnais providing management. The indicated coupon is 17 per cent and final terms are expected next Thursday. The issue is *guaranteed by* Credit Lyonnais.

Salomon Brothers was also the lead manager for a $50m seven-year issue for CPC Finance N.V., the financing vehicle of CPC International, the U.S. food group. The indicated coupon is 16⅞ per cent and the issue has been fixed at par.

In addition, two $30m seven-year floating rate notes were lauched yesterday. The first was for Sanwa International Finance of Hong Kong; the notes bear interest at ⅛ over six-month Libor with a minium coupon of 5¼ per cent. Lead manager is Baring Brothers.

The second is for Korea Exchange Bank and carries interest ¼ per cent over six-month Libor with a minimum coupon of 7¼ per cent. The issue is being managed by CSFB, Manufacturers Hanover and Saudi International Bank.

In the Swiss franc sector, poor trading continued as bond prices fell by around ½ point on the back of continuing worries over the Swiss inflation rate and rising interest rates.

Hudson's Bay deficit grows

By Our Financial Staff

FURTHER LOSSES are reported by Hudson's Bay Company, the leading Canadian retailer controlled by Thomson family interests.

A second quarter deficit of C$12m brings the loss for the *half-year ended July 31* to C$26.9m (US$22.4m) compared with a loss of C$9.18m for the first half of 1980. The loss was equivalent to C$1.38 a share, against 64 cents previously.

For the whole of fiscal 1980 *the group saw earnings fall* from C$80.3m to C$54.6m or C$1.80 a share.

Corning to sell Fiberglas stake

BY OUR FINANCIAL STAFF

CORNING GLASS Works, the U.S. specialty glass group, is to sell its 23.9 per cent holding in Owens-Corning Fiberglass (OCF), the world's largest producer of glass fibre.

Corning is obliged to sell 90 cent of its OCF stake by October 1986 under an agreement with *the Justice Department, but the* decision to sell now comes after the termination of informal merger talks with OCF.

Under the 1949 consent decree with the Justice Department, which was modified in 1978, *Corning is prohibited* from exercising control over OCF. Corning said, however, it had talked with the department on the possibility of a bid for OCF.

In its 1980 annual report Corning lists at $212.8m the excess of quoted market value of its OCF holding over cost. At market prices before yesterday's announcement its 7.33m OCF shares had a value of about $183m.

Because of the exposure to capital gains taxes on a cash disposal of its holding, Corning says in the 1980 report that it has been advised by the tax authorities that effective spin-off *of the stake to its shareholders* through an exchange of outstanding Corning shares for the shares in OCF would be free of capital gains tax.

However the company yesterday did not say whether it would sell its holding for cash or *shares, but it has retained* Lazard Freres to assist in the sales.

For 1980 Corning received dividends totalling $8.87m from its OCF shares and reported group net income down from $124.94m to $114.72m from sales of $1.53bn against $1.42bn. OCF, meanwhile, posted net *profits 50 per cent lower at* $54.3m from sales of $2.29bn against $2.25bn.

هكذا من الأصل

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market *exists. For further details of these or other bonds see the complete list of Eurobond prices which* will be published next on Monday September 14.

Closing prices on September 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amoco 13¾ 88	75	86¼	87¼	−0¼	−0⅞	16.85
CIBC 14½ 84	185	94¾	95¾	+0¼	+0¼	16.92
CIBC 15¾ 88	75	96⅛	96⅝	+0⅛	−0⅛	16.34
CNA 15¾ 96	75	89⅞	90⅜	+0⅛	−0⅛	17.08
CNE 12¾ 91	100	80½	81	+0⅛	−0⅛	16.93
Citicorp Int. Fin. 15 86	150	95¾	96⅛	0	−0⅛	16.25
Citicorp O/S 15½ 84	175	98⅛	98⅝	+0⅛	+0½	16.18
EEC 14¾ 93	65	89¼	89¾	+0⅛	−0⅛	16.81
EIB 12¾ 89	75	83¾	83⅞	+0⅛	+0⅛	16.65
Eldorado 13¾ 88	50	89⅜	89¾	+0⅛	0	16.64
Elec. de France 13 88	125	85½	86	+0⅛	−0⅛	16.74
Fed. Bs. D. 15¾ 84 (J)	40	98⅜	98⅞	+0⅛	+0⅛	16.31
Fin. Exp. Credit 10½ 85	50	81⅝	82⅛	0	+0⅛	17.32
Finland, Rep. of 9½ 86	100	76¾	77¼	+0⅛	+0⅛	17.14
Ford Cr. O/S Fin. 16 84	150	99⅛	99⅝	0	0	16.17
Ford Cr. O/S Fin. 16 85	150	96⅞	97⅜	+0⅛	−0⅛	17.02
Gaz de France 13½ 86	80	89½	90	+0⅛	0	16.92
GMAC O/S Fin. 12⅞ 88	100	85¾	86¼	0	0	16.51
GMAC O/S Fin. 14¾ 87	100	92¼	92¾	+0¼	0	16.82
Genstar 14¾ 91	50	93⅛	93⅝	+0⅛	−0⅛	16.09
Hiram Walker 16 86	50	100⅜	100⅞	+0⅛	+0⅛	15.73
IBM Wld. Trade 12½ 88	200	89⅝	90⅛	0	−0⅛	15.01
IBM Wld. Trade 14¾ 84	100	99⅞	100⅜	+0⅛	+0⅛	14.61
IBM Wld. Trade 14¾ 85	60	98½	99	+0⅛	−0⅛	15.17
Nat. Bk. Canada 15¾ 84	40	97⅜	97⅞	+0⅛	+0⅛	16.29
Newfoundland 13½ 90	60	86⅛	86⅝	+0⅛	+0⅛	16.56
Nova Scotia 15 91	75	92½	93	0	−0⅛	16.51
Ontario Hydro 13½ 91	100	86⅜	86⅞	+0⅛	−0⅛	16.32
Pacific Gas Elec. 16 88	75	100⅝	101⅛	+0⅛	−0⅛	15.76
PSNH Int. Fin. 17 86	30	98¼	98¾	+0⅛	+0⅛	17.46
Queb. Hy. 13 91 (WW)	100	81⅛	81⅝	+0⅛	−1⅛	17.06
Royal Bk. Canada 14 86	100	92⅜	92⅞	+0⅛	+0⅛	16.31
SNCF 13 91	75	84¼	84¾	+0⅛	−0⅛	16.27
Shell Canada 15⅝ 91	100	98⅛	98⅝	+0⅛	+0⅛	16.08
Sth. California 14 87	50	94	94½	+0½	+0⅛	15.55
Sth. California 14¾ 88	50	94⅛	94⅝	+0⅛	+0⅛	16.13
Sven. Handlsbk. 13¾ 88	45	88⅜	88⅞	0	+0⅛	16.65
Swed. Ex. Credit 13 86	75	87¼	87¾	+0⅛	+0⅛	17.22
Swed. Ex. Cred. 15¾ 88	50	95¾	96¼	0	−0⅛	16.97
Toronto-Dom. Bk. 14 84	50	93⅞	94⅜	+0⅛	+0½	16.83
Tribune O/S Fin. 14 86	50	91½	92	0	−0⅛	16.66
Wells Fargo Int. 15½ 84	50	97⅝	98⅛	+0⅛	+0⅛	16.42
World Bank 14½ 86	500	92⅛	92⅝	0	−0⅛	16.75
World Bank 16 88	210	97¾	98¼	+0⅛	+0⅛	16.56
World Bank 16 88	80	97¾	98¼	+0⅛	+0⅛	16.45

Average price changes... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 10 91	100	94⅞	95⅜	+0½	+1⅛	10.80
Austria Rep. of 8¾ 92	150	84⅞	85⅜	+0⅛	−1	10.66
CECA 7⅞ 92	150	84	84½	+0⅛	−0⅛	10.32
CECA 10 91	120	97	97½	−0⅛	−0⅛	10.43
CII-Honeywell 8¾ 90	125	84½	85	0	−0⅛	11.16
Council of Europe 10 91	100	96⅝	97⅛	−0⅛	−0⅛	10.53
EIB 8½ 90	200	87⅜	87⅞	0	−0⅛	10.71
EIB 10½ 91	200	98½	99	−0⅛	+0⅞	10.71
ESCOM 9¾ 87	100	89	89½	−0⅛	−0⅛	11.75
Finland, Rep. of 10 89	100	96⅞	97⅜	+0½	+0⅛	10.57
Iberduero SA 9 90	100	89⅞	90⅜	−0⅛	−0⅛	10.75
Ind. Bk. Finland 8½ 90	50	87⅝	88⅛	+0⅛	+0⅛	10.58
Int.-Am. Dv. Bk. 10 91	100	95¾	96¼	−0⅛	+0⅛	10.71
Japan Air Lines 8¾ 87	100	90⅜	90⅞	0	+1⅛	10.26
Japan Dev. Bk. 7¾ 87	100	87⅜	88⅛	0	+0½	10.48
Kobe, City of 8 90	100	85¾	86	+0⅛	+0⅛	10.57
Midland Int. Fin. 8½ 90	180	87⅝	88⅛	−0⅛	−0⅛	10.61
Nuclebras 9¾ 88	100	86⅝	86⅞	+0⅛	+0⅛	12.77
OKB 8¾ 92	150	81	81½	+0⅛	−1⅝	11.31
Oslo, City of 8¾ 90	80	88⅞	89⅜	+0⅛	+0⅛	10.74
Renault Acc. 10¾ 86	150	96⅞	97⅜	0	+0⅛	11.57
Venezuela, R. of 9¾ 90	150	92⅞	93⅜	0	−0⅛	10.94
World Bank 8 90	700	84⅞	85⅛	+0½	−0⅛	10.74

Average price changes... On day +0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 6½ 91	80	91½	92	+0⅛	+1⅛	7.74
BFCE 6½ 91	100	91	91½	−1⅛	−2⅛	7.85
Bayer Int. Fin. 5¾ 92	100	83	83½	−0⅛	−6⅛	7.56
Belgelectric Fin. 7¾ 91	100	97	97½	−0⅛	−1½	8.18
Bergen, City of 6¾ 91	40	96½	96⅞	+0½	−1⅛	7.30
CECA 6¾ 91	80	94	94½	−0⅛	−1⅛	7.60
Denmark 5¾ 90	80	86	85⅛	+1	−0⅛	8.17
Dome Petroleum 5¾ 91	100	†85	85½	−4⅞	−7⅛	8.03
Dome Petroleum 7¾ 90	100	89⅛	99⅝	+0⅛	−1⅛	7.33
Elet. de France 5¾ 90	100	†80	81	−0⅛	−2⅛	8.41
Eurofima 5½ 92	80	†95	95½	+1⅛	0	6.36
Finland, Rep. of 5¾ 90	80	83	83½	+0⅛	−1⅛	8.37
Franc. Petroles 6½ 91	80	87½	87⅞	−2½	−3⅞	8.42
Genstar 7 91	100	97⅛	97½	−0⅞	−2⅛	7.36
Int.-Amer. Dv. Bk. 7 91	100	93¼	93¾	−2½	−4⅛	8.02
Japan Dev. Bank 5¾ 90	100	†92	92½	+3	−0⅞	6.92
Mt. Blanc Tunnel 5½ 90	60	83	83½	−1	−1⅛	8.23
Nawag 5¾ 90	80	88½	88⅞	−0⅛	−2⅛	7.55
OKB 7 93	100	97⅛	97½	+0⅛	−1½	7.35
Oslo, City of 5⅞ 90	80	†86	87	+0⅛	−1⅞	8.01
Philips Lamps 5¾ 92	100	81⅛	81⅝	−1⅛	−5⅛	7.87
Swed. Ex. Credit 7¾ 91	75	94	94½	+0⅛	−0⅛	8.12
Trade Dev. Fin. 6¾ 90	50	87¾	88¼	0	+1⅛	8.08
Voest-Alpine 5¾ 90	80	†84½	86	+1⅛	−0⅛	8.11
World Bank 6 91	100	87⅛	87⅝	+0½	−2⅛	7.92
World Bank 7 90	100	96½	97	−0⅛	−3⅛	7.50

Average price changes... On day −0⅛ on week −2⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bk. 8¾ 91	15	96⅝	97⅛	+0⅛	0	8.67
Australia 6½ 88	20	84⅞	85⅜	+0⅛	0	9.53
EIB 7¾ 89	12	93⅝	94⅛	+0⅛	0	8.87
Finland 6.8 88	10	84⅞	85⅜	−0⅛	−0⅛	9.89
Finland, Rep. of 8¾ 87	15	95⅞	96⅜	0	−0⅛	9.20
New Zealand 8¾ 87	15	97	98	+0⅛	+0⅛	8.93

Average price changes... On day +0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 10¾ 86 C$	60	†82½	83½	0	0	15.85
CIBC 13½ 85 C$	50	†90½	91½	0	0	16.88
CIBC 11½ 85 C$	60	†84½	85½	0	+0½	17.07
Federal Dev. 11½ 90 C$	60	†75½	76½	0	0	16.88
Fst Can. Inv. 10 84 C$	50	†82½	83½	0	0	18.46
R. Bk. Canada 10 86 C$	40	†82	84	0	−0⅛	15.28
Tordom Cpn. 13½ 85 C$	30	†92½	93½	+0½	+1½	16.07
M. Bk. Dnmk. 9 91 EUA	25	82½	83½	0	−2⅛	11.95

	Issued	Bid	Offer	Change on day	week	Yield
SOFTE 8¾ 89 EUA	40	79¾	81	0	−0⅛	12.25
U. Bk. Nwy. 9½ 90 EUA	16	88¼	89½	0	−1⅛	11.80
Algemene Bk. 10¾ 86 Fl	60	92½	93	−0⅛	−0⅛	12.40
Amro Bank 12 86 Fl	75	98⅛	98⅝	0	−0⅛	12.37
Heineken NV 10 87 Fl	100	90½	91	0	−0⅛	12.28
Nat. Nedrlndn. 10 88 Fl	60	93⅛	93⅝	−0⅛	0	11.46
Ned. Midd. Bk. 10 86 Fl	75	93½	94	+0⅛	−0⅛	12.01
Pierson 10¾ 86 Fl	50	92½	92¾	+0⅛	+0½	12.12
Rabobank 12 86 Fl	50	98	98½	0	−0⅛	12.49
Air France 14½ 86 FFr	200	89	90	0	−0⅛	17.94
Bk. America 14½ 86 FFr	250	88⅞	89⅞	−0⅛	−0⅛	17.97
Charb'nages 13¾ 85 FFr	400	87⅛	88⅛	+0⅛	−0⅛	18.09
EIB 14¾ 88 FFr	300	86⅝	86⅞	0	−0⅛	17.81
La Redoute 14¾ 85 FFr	125	85⅛	86⅛	+0⅛	−8⅛	19.26
OKB 14 86 FFr	400	87¼	88¼	+0⅛	−0⅛	18.05
Solvay et C. 14¾ 86 FFr	200	90⅞	91⅞	+0⅛	−1⅛	17.57
Swed. E. Cr. 14¾ 86 FFr	250	85⅞	86⅞	+0⅛	+0⅛	19.24
U. Mex. Sts. 14 85 FFr	150	87	88	+0⅛	+0⅛	18.86
Acona 14 85 £	20	92¼	93¼	0	0	16.48
Beneficial 14¾ 90 £	20	83⅞	84⅞	0	−0⅛	17.91
BNP 13½ 91 £	15	85⅛	86	−0⅛	0	16.52
CECA 13¾ 88 £	20	88⅛	89	0	0	16.28
Citicorp O/S 13½ 90 £	50	89⅛	90⅛	0	−0⅛	15.73
Fin. Ex. Cred. 13¾ 86 £	15	92¾	93¾	+0⅛	+0⅛	16.02
Gen. Elec. Co. 12½ 89 £	50	85⅛	86	+0⅛	0	15.85
Hiram Walker 14¾ 88 £	25	93⅛	93⅞	0	0	16.28
Privatbanken 14½ 88 £	12	90⅛	91⅛	−0⅛	−0⅛	16.85
J. Rothschild 14¾ 90 £	12	93	93¾	+0⅛	+0⅛	15.68
Royal Trustco 14 86 £	12	93	93½	0	+0⅛	16.10
Swed. Ex. Cr. 13¾ 86 £	20	92⅜	93⅛	0	+0⅛	16.08
Akzo 9¾ 87 LuxFr	500	88⅛	89⅛	0	−0⅛	11.82
Euratom 9¾ 88 LuxFr	500	86⅜	87⅜	+0⅛	+0⅛	12.69
Eurofima 10½ 87 LuxFr	500	88⅜	89⅜	0	+0½	13.14
EIB 9¾ 88 LuxFr	600	85⅛	86⅛	0	0	13.11
Volvo 9¾ 87 LuxFr	500	85	86	0	−0⅛	13.28

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅜	98⅞	16/12	16⅛	16.86
BBL Int. 5 86	0¼	99⅛	99⅝	20/11	18.31	18.49
BNP 5½ 88	†0⅛	99⅛	99⅝	29/10	18.81	18.91
Christiania Bk. 5½ 91	†0⅛	98½	99	5/11	19.19	19.43
Cincorp O/S Fin. 84	†0	99⅛	99⅝	30/9	19.19	19.28
C. Itoh 5¼ 87	0¼	99⅛	99⅝	18/9	15.44	15.52
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.59
Den Norske Credit 6 90	†0⅛	99	99½	5/11	19.19	19.33
Genfinance 5¼ 87	0¼	98⅝	99⅛	30/10	16.94	17.04
Genfinance 5¼ 92	0¼	99	99½	30/12	18.31	18.45
Giro und Bank 5¼ 91	†0⅛	98⅞	99⅜	23/9	19.06	19.23
GZB 5¼ 92	†0⅛	98⅞	98⅞	5/9	17⅝	17.53
Ind. Bank Japan 5¼ 88	0¼	99⅛	99⅝	9/10	16.44	16.54
Lloyds Eurofin 8 90 £	0¼	98⅝	97⅛	6/1	13⅝	14.03
Lloyds Eurofin 5¾ 92	0¼	98⅜	98⅞	4/12	17.44	17.68
LTCB Japan 5¼ 86	0¼	99½	99⅞	13/12	17⅛	17.36
LTCB Japan 5¼ 89	0¼	99⅛	99⅝	16/1	18.32	18.43
Man. Hanov. O/S 5¼ 94	†0⅛	99⅛	99⅝	30/11	19⅛	19.45
Merrill Lynch O/S 87	†0⅛	100⅛	100⅝	9/11	19.06	18.99
Midland Int. Fin. 5¾ 92	0¼	98½	99	5/12	17⅞	17.59
Midland Int. Fin. 9 91	0¼	98½	99	30/10	16.81	17.08
Nacional Fin. 8¾ 86	0¼	98⅞	99⅜	25/1	19⅛	19.42
Nacional Fin. 5½ 88	0¼	97⅛	97⅝	25/9	14⅞	15.25
Nat. Bk. Canada 5¼ 88	0¼	98⅞	99⅜	24/9	14½	14.83
Nat. West. 5¼ 94	§0¼	98⅞	98⅞	14/10	16.19	16.47
Nat. West. Fin. 5¾ 91	§0¼	98⅛	98⅝	15/1	18⅛	18.19
Nat. West. Fin. 5¼ 92	§0¼	98⅛	98⅝	23/10	16.81	17.07
Pemex 6 91	0¼	97⅛	97⅝	8/10	15.31	15.71
Societe Generale 5¼ 91	0¼	99	99½	22/1	18⅛	18.77
Sparebanken 6 87	0¼	98	98½	19/12	16.81	17.11
Svenska Hndlsbk. 5 87	0¼	99⅛	99⅝	15/1	18⅛	18.24

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	86⅛	87⅛	−0⅛	−2.00
Bow Valley Inv. 8 95	4/81	23.12	103⅛	104⅛	−0⅛	11.60
Canon 6¾ 95	1/81	829	165	166½	+9¾	3.00
Credit Suisse 4¾ 93	10/79	1236	84	86	0	6.00
Digicon Fin. 8½ 96	10/81	29.5	199	100	0	8.74
Fujitsu 5½ 96	7/81	732	103½	104½	+0⅛	0.77
Furukawa Elec. 5¾ 96	7/81	300	112½	113½	+4⅛	0.67
Hanson O/S Fin. 9½ 96	8/81	2.74	91½	93	+3	2.66
Hitachi Cred. Cpn. 5 96	7/81	1965	86½	87½	+0⅛	0.62
Ina Overseas 8¾ 2000	4/81	42	98	99	+0⅛	1.82
Inchcape 8 95	2/81	4.55	67⅛	69⅛	+0⅛	8.90
Kawasaki 5¾ 96	9/81	229	97⅞	98⅞	+0½	−17.10
Marion Int. Fin. 9 95	12/80	15.5	75⅛	76⅛	+0⅛	44.66
Marui 6 96	7/81	931	88⅛	89⅛	+0⅛	0.61
Matsushita El. 7¾ 95	11/80	590	84⅛	86⅛	+0⅛	−5.73
Murata 5¾ 96	7/81	2190	100⅛	101⅛	+2	−4.00
NKK 6½ 96	7/81	188	113½	114½	−0⅛	−28.81
Ricoh 6¾ 95	8/80	804	138½	139½	+4⅛	0.37
Sumitomo M. Ind. 7 95	2/81	181	142	143½	−1⅛	−4.25
Swiss Bk. Cpn. 6¾ 90	9/80	200	71⅛	73	−3	35.34
Taylor Woodrow 8½ 90	1/81	4.94	90	91	−0⅛	2.07
Transco Int. 8¾ 95	2/81	66	76¾	78	+0⅛	19.73
Tricorp 8½ 95	12/80	31.25	85	86⅛	−0⅛	29.73
Union Bk. Switz. 5 89	2/90	70.79	71½	73½	−1	9.08
Sharp Cpn. 6½ 88 DM	9/80	595	184⅛	186⅞	−2½	−2.00
Uny Co. 6½ 85 DM	11/79	879.3	107⅛	108⅛	−3	11.54

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Kevin Done looks at the problem facing West Germany's leading TV and hi-fi maker

Dr Grundig's management carousel

SENIOR executives taken on by Dr Max Grundig to help to run the self-willed, 73-year-old entrepreneur's electronics concern know from the outset that they are stepping on to an unpredictable corporate roundabout which can throw them off at any moment.

As Dr Grundig has searched with increasing desperation for an eventual successor to run his 35-year-old company — West Germany's leading name and the number two in Europe in the consumer electronics industry of television, hi-fi and radio —the management carousel has turned with increasing speed.

The latest upheaval, which has halved the number of seats on the board from 14 to seven, could hardly have come at a more difficult time, with Grundig suffering from weak weak turnover, fierce competition from the Far East and a dizzying fall in profitability which has driven the company to the borderline between profit and loss in the past 12 months.

Dr Max Grundig clearly sees part of his company's corporate salvation lying in ever-closer co-operation with two giants of the world's electrical and electronics industry, Philips of Holland and West Germany's Siemens. Philips acquired 24.5 per cent of the voting capital of Grundig in 1979, while Grundig itself recently became the biggest single shareholder in Philips acquiring a 5.5 per cent stake by converting into shares a Fl 400m ($153m) private loan made in 1979. The existing technical co-operation between Grundig and Siemens is still to be cemented in a tangible fashion.

Siemens has made no secret of the fact that negotiations are under way, however. "Only the extent and the terms and conditions" of the deal were still to be settled, Herr Karlheinz Kaske, the Siemens chairman, told the company's annual meeting earlier this year.

If Grundig is to flourish, however, there is much to be put right internally, in areas where powerful outside shareholders can be of only limited assistance. The concern, which hopes for an annual turnover of DM 3bn in 1981-82 and has a workforce of about 30,000, has been forced to embark on a far-reaching reorganisation in order to boost competitiveness, particularly against the onslaught of Far East consumer electronics concerns.

The brunt of the streamlining has inevitably been borne by the workforce, which in little more than two years has tumbled from nearly 38,500 to only around 30,000. Grundig is trying to concentrate production in fewer centres and inevitably works closures have followed. In the last 12 to 18 months five plants have been shut down in southern Germany, in Karlsruhe, Landau, Ascha, Neuburg and Augsburg, with the loss of more than 2,000 jobs. Several thousand more jobs have disappeared through natural wastage.

Outside West Germany, Grundig has closed its Northern Ireland plant at Dunmurry, where it manufactured video recorders and dictation machines. A plant in Fleurance in France has gone, and, it also succeeded in closing one of its Italian plants in Milan despite prolonged occupation of the factory by the workforce.

Video recorder and colour television production has been concentrated at Grundig's Nuremberg-Langwasser plant, cassette deck and dictation machine manufacturing is centred at Bayreuth, car radio production in Dachau and further television production in Vienna. In Portugal, Grundig is concentrating production of hi-fi equipment and radios for the whole group at a major works in Braga. The plant also assembles television sets for the local market.

Apart from these main centres, however, Grundig still has a string of small components plants around southern Germany, plus local television assembly plants for important European markets such as France, Italy and Spain.

In the year ended March, Grundig was barely able to hold its turnover at the previous year's level of DM 2.77bn, itself a fall of 6 pre cent. No profit figures for 1980-81 have yet been released but strong speculation has ben voiced that the group dropped into the red. In 1979-80 after-tax profits were DM 34m compared with DM 96m in the previous year.

This year the company expects turnover to recover with the help of West Germany's booming video recorder market to about DM 3bn. Grundig is at present the only company manufacturing video recorders in West Germany using the system it has jointly developed with Philips. In adition television sales in the saturated German market — about 72 per cent of households have television sets — could receive a welcome boost with the launch next month of West Germany's first television transmission in stereo sound.

Grundig has developed a new generation of stereo televisions on which it is pinning great hopes, and in addition it is also introducing new production techniques which cut by 30 per cent the number of components needed for each set a method which dramatically reduces the assembly time and costs.

With more streamlined production methods, the closure of unprofitable works—the five German factories shut in the last year were alone costing the company more than DM 100m a year—with more aggressive marketing and expansion into new overseas markets and supported by important new products, the new Grundig management team is now houpeful of being able to staunch the decline in profitability.

But it remains to be seen whether Dr Max Grundig's latest recruits to the top echelons of the company can gain the ultimate confidence of the Nuremberg patriarch himself.

His latest choice as executive chairman earlier this year was Herr Kurt Hackl, formerly with IBM and head of the computer manufacturer, NCR, in Germany. The selection gives an indication perhaps of future Grundig strategy in the sense that consumer electronics and computer manufacturers are becoming increasingly inter-linked

Before Herr Hackl's arrival and the streamlining of the executive board, Grundig's day-to-day fortunes had been shaped —under the heavy influence of Dr Max Grundig—by a triumvirate of top managers. None are left on the Grundig carousel today, however.

In the space of a few months Herr Hans-Heinrich Firnges left to become chairman of Varta, one of Europe's leading battery manufacturers and a part of the Quandt group, Herr Bruno Lippmann, once tipped to take over one day from Dr Max Grundig is now chairman of Hertie, the third largest retail stores group in West Germany, and Herr Axel Bartmann, the last member of the trio, has left to join a consumer electronics trading organisation.

Herr Hackl's greatest challenge in shaping Grundig's future will be to gain the continuity that has been denied his predecessors.

Grundig lost "quite a few feathers" in the year ended March last, Herr Kurt Hackel, managing board chairman said yesterday at a Press conference at the International home electronics fair in Berlin. He did not give details of the 1980-1981 result, but his remarks suggest that Grundig had posted its first loss in recent memory.

Grundig sold about 100,000 video recorder units in all markets last year, while manufacturers' sales in West Germany totalled around 0.5m units. It expects a total market of about 0.66m video recorders in West Germany this year. It forecasts dynamic growth, with sales rising to 1.39m in 1985.

Total West European sales could amount to 1.2m this year, rising to 3.4m in 1984. Grundig hopes in 1981 to double last year's sales and is aiming to raise its own video recorder sales to about 0.6m in 1984.

Grundig estimates a general 7 per cent a year increase in demand for hi-fi and stereo units in West Europe up to 1984. Penetration levels are still less than 50 per cent in most European markets, but sales in Western Europe last year were stronger than generally expected. Sales totalled about 7.9m stereo and hi-fi compact units and individual components, like tape and record decks and loudspeakers.

The main growth came in Germany and France where demand rose by 26 per cent.

GRUNDIG OVER THE PAST SIX YEARS

	1980-81	1979-80	1978-79	1977-78	1976-77	1975-76
Sales (Dm)	2.8bn*	2.8bn	2.9bn	2.8bn	2.5bn	2.4bn
Net profit (Dm)	—*	34m	96m	148m	175m	145m
Workforce	30,000*	36,000	38,000	37,000	35,000	31,000

* Estimates

Swedish bank buys out German partner

By Kevin Done in Frankfurt

SCANDINAVIA'S biggest bank, Skandinaviska Enskilda Banken, is expanding its interests in West Germany and central Europe with the takeover of the 50 per cent interest in Deutsch-Skandinavische Bank held by the Bayerische Landesbank in a deal worth around DM 30m ($12m).

Deutsch - Skandinavische Bank was founded in Frankfurt in 1975 by Skandinaviska Enskilda and Bayerische Landesbank, the central giro institution for the southern German state of Bavaria. It has expanded quickly over the past five years, building up assets of around DM 1.8bn, including a subsidiary in Luxembourg, opened last year.

Active as a wholesale bank, in the money markets, in foreign exchange dealing and in Eurocredits, it has built up a position in the German market rivalling that of many of the longer established foreign banking groups operating in Frankfurt.

Its operations are based chiefly on the strong commercial links between Scandinavia and West Germany, in financing Scandinavian investments in Germany and German trade and industrial activities in Scandinavia.

Bayerische Landesbank has decided to sell its interest to Skandinaviska Enskilda after disagreements between the two partners

Statoil wipes out its seven-year deficit

BY FAY GJESTER IN OSLO

STATOIL, Norway's state oil group, will this year wipe out the deficit it accumulated in its seven-year development phase.

Consolidated net profits for the first eight months totalled about NKr 600m ($100m) — more than enough to wipe out the accumulated deficit of NKr 560m remaining at the end of 1980.

For the whole of this year profits are expected to reach about NKr 1bn, the company says in its half-year report.

Developments in the half-year are also described as "positive," with consolidated net profits reaching NKr 220m, compared with NKr 51m in the same period last year. Turnover reached NKr 6bn, compared with NKr 3.6bn.

The report says that the strength of the dollar has increased kroner earnings on the sale of crude. At the same time, however, it has increased the kroner value of some long-term debt. In view of this, in the half-year accounts, NKr 436m has been set aside to a currency regulation fund.

Income from the Statfjord field reached NKr 2.2bn in the half year, making a "very significant" contribution to the concern's results. The field's first platform, Statfjord A produced 3.5m tonnes of oil in the six months, and Statoil's share of this was more than 42 per cent.

Statoil's refining and marketing subsidiary, Norol, earned a half-year profit of NKr 46m on turnover totalling NKr 2.6bn. On the other hand, Statoil's involvement in petrochemicals, through its stake in Norway's new complex at Rafnes in the eastern part of the country, "did not give satisfactory results."

Statoil has started six explorations or delineation wells on Norway's continental shelf. The fourth well on block 30/6 showed that the field contained significant amounts of oil, in addition to the gas already discovered.

Dutch insurer raises earnings

BY OUR FINANCIAL STAFF

ENNIA, the Dutch insurance group, reports a 19 per cent rise in profit after tax of Fl 44.5m ($16m) for the first half of 1981 from Fl 37.4m. The interim dividend is going up to Fl 4.25 per share from Fl 4.

Net earnings per share rose to Fl 13.15 from Fl 11.77. Gross receipts rose by 13 per cent to Fl 1.44bn while expenses advanced by 24 per cent.

For 1981 as a whole Ennia expects an increase in group earnings.

Ennia's gross receipts from life assurance rose 7 per cent to Fl 787.6m and earnings by 16 per cent to Fl 37.9m. Receipts from general insurance advanced 25 per cent to Fl 532.5m and earnings by 50 per cent to Fl 12.3m.

First-half setback at Incentive

By Westerly Christner in Stockholm

INCENTIVE, the Swedish investment company which controls about 20 small engineering and other businesses, reports a decline in earnings before taxes of SKr 10m to SKr 33m ($6.3m) in the first half of this year. Turnover advanced by 29 per cent to SKr 2bn ($380m).

The earnings shortfall was partially attributed to effects of the general economic downswing in Sweden and Western Europe, affecting various industrial sectors and construction.

Group reorganisation implemented at the beginning of this year is expected to require further investment in the second half of 1981. No forecast is made for the whole of 1981.

Last year, however, Mr Lennart Lindquist, the managing director, predicted that "improvement in the economy that we believe we see in the U.S. market, coupled with a strengthening of our marketing organisation in Europe, gives us reason to look forward to 1981 with confidence." Last year earnings rose by SKr 18.4m to SKr 142.3m on group sales of SKr 3.4bn against SKr 2.9bn.

Group order intake rose 5 per cent to SKr 2bn during the six months.

INTL. COMPANIES & FINANCE

Austria's quiet Press baron

BY PAUL LENDVAI IN VIENNA

FOR A man who in less than a decade has built up from nothing the greatest concentration of newspaper monopoly power in Austrian history, Herr Hans Dichand keeps a remarkably low profile.

The columnists writing for his newspaper, the Neue Kronen Zeitung, are household names, but he—one of the most powerful men in Austria—is practically unknown to the public. His 60th birthday recently passed virtually unnoticed. In this title-conscious country, this stocky dark-haired man has politely declined to accept any medals or distinctions.

Yet his tabloid, the Kronen Zeitung—many affectionately call it die Krone, meaning the crown—has 37.5 per cent of the 5.2m Austrians aged 14 to 69 as readers and claims the highest newspaper sales per capita in the world. The paper, which is published every day, far outranks even Germany's Bild Zeitung (26 per cent market share) as a dominating force in the national media. Launched in 1959 with a daily circulation of a mere 30,000 Kronen Zeitung sells on average 750,000 to 800,000 on weekdays and 1.3m copies on Sundays.

Today the Kronen Zeitung has the country's largest printing plant—turnover this year is expected to be between Sch 1.5bn (£45m) to Sch 1.7bn and insiders estimate profit before tax in the region of Sch 350m to Sch 400m.

What distinguishes Austria's only Press baron from a Rupert Murdoch or an Axel Springer is that Herr Dichand has always been first and foremost a journalist and the loyalty of his staff has been a significant factor in defeating all attempts to oust him.

The career of the son of an invalid pensioner in Graz, the capital of the province of Styria, has been in more than one way profoundly influenced by a British connection.

HERR HANS DICHAND
a new media model

Trained as a printer, served in the German Navy during the war and ended up in a prisoner-of-war camp in Graz in the British occupation zone.

He attended a special course and soon got a job on the staff of the British information service. For a modest salary of Sch 500 monthly plus a ration of bread and pea soup, he edited and distributed BBC news summaries to the local papers and the radio. After a brief spell at a local paper, doubling its circulation in a year, Herr Dichand took over in 1950 as editor of the Kleine Zeitung, the leading paper in Styria.

After his spectacular successes in the provinces he was engaged in 1954 as editor of Kurier, a popular daily in Vienna. Under his dynamic leadership, the paper eventually became the country's largest selling newspaper. When in 1958 the then owner of Kurier sacked Herr Dichand, six other leading journalists also left in protest. Together they decided to launch a new truly popular daily, continuing the tradition of the old Kronen Zeitung, a paper founded in 1900 which had ceased to appear after World War II.

With loans to the tune of Sch 12m from a Vienna savings bank, the great saga of the Neue Kronen Zeitung began on April 10 1959 with a front-page story about a policeman who shot himself because of an unhappy love affair with a famous singer.

As Herr Dichand puts it, "I twice decisively helped others to accumulate huge assets. Yet neither I nor my collaborators had job security and our salaries were in complete disproportion to the earnings of the owners. On top of it, there was always mistrust, control and attempts to impose political wishes. In short, in 1959 we sought to establish a new media model, with less dependence on owners, with more internal democracy, more room for individualistic journalism."

But for all the success of the experiment in terms of circulation and profits, it has been difficult indeed to live down the compromising circumstances of the birth of the new paper. The founding coincided with the bid for political power by Herr Franz Olah, the Socialist chairman of the Trade Union Federation between 1959-63 and later Interior Minister.

It was Herr Olah who organised the financial backing for the new venture and even suggested a business manager, a 33-year-old advertising expert, Herr Kurt Falk. Initially half of the capital of the limited liability company was held by Herr Dichand and Herr Falk, the rest by a friend of Herr Olah. By the end of 1964 Herr Olah had been forced to resign and a string of court cases involving the ownership of the Kronen Zeitung followed.

As a result, Dichand and Falk not only managed to take over full control in exchange for Sch 30m paid to the friend of Herr Olah, they also concluded a comprehensive settlement with the Trade Union Federation in the early 1970s. The last court case involving the ownership of the paper ended in December 1972.

The last and potentially most dangerous clash erupted in 1974 between the two owners, Herr Dichand and Herr Falk. Supported by the entire staff, which threatened to go on strike, Herr Dichand emerged as the winner, and is now sole publisher and editor.

Herr Falk remains half-owner but may only interfere with the running of the paper if and when circulation drops by 20 per cent or profits fall by Sch 60m. Since 1975 both sales and profits have been rising steeply.

What then is the key to the success? Herr Dichand says: "It is perhaps a mixture of timing, instinct and the feel for what the people want to read."

The example of the Daily Mirror was also important. During a brief visit to London in 1951, he was very much taken with the style of Cassandra, the famous Mirror columnist.

In a sense, the Kronen Zeitung is unique. In addition to front pages with instant appeal—and a content with a strong emphasis on naked bosoms, photos, cartoons, entertainment in the broadest sense as well as local features, the Kronen Zeitung also regularly carries political articles by columnists. These range from critical reflections which could be published in any quality paper in London or Paris to muck-raking aggressive attacks on alleged injustices and scandals.

From the beginning the Kronen Zeitung did not use the news agencies and had only half the staff of other papers. Nevertheless it chased the main news stories and more often than not presented them better than the competitors.

Furthermore, the Kronen Zeitung has always been cost-conscious. In addition to Vienna, the paper has three editorial offices for its regional editions. Yet there are only 111 editorial staff, with 73 journalists in Vienna, 14 in upper Austria, 18 in Styria and six in Salzburg. Even with 36 secretaries and typists, the staff is proportionately much smaller than at other papers with a much smaller circulation.

Regionalisation has been another important factor behind the tabloid's phenomenal success. First in Upper Austria in 1969 and then in Styria in 1978 the Kronen Zeitung has emerged as the largest paper after a fierce war with the local dailies. The content of the regional editions can be up to 70 per cent different from the central paper.

Unprecedentedly costly promotional campaigns paved the way to gaining a 42 per cent market share in Upper Austria and 39 per cent in Styria. Herr Dichand now admits that the promotional six-year battle in Styria alone cost the paper as much as Sch 200m.

Such innovations as putting up portable self-service Kronen Zeitung stands all over Austria have opened a new untapped market of Sunday readers. Though hundreds of thousands of copies are still stolen from the stands, the Sunday edition with its 2.12m readers has become a useful vehicle for up-market products. The introduction of an eight-page economic supplement on Saturdays has also given a further push to advertising revenues, this year estimated to reach Sch. 750m.

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Air New Zealand in the red as fuel costs soar

BY DAI HAYWARD IN WELLINGTON

AIR NEW ZEALAND incurred a net loss of NZ$30.8m (U.S.$25.4m) in the 1980-81 financial year compared with a net profit of NZ$18.6m. This arose from a loss on trading operations of NZ$43.6m. The loss was reduced by NZ$12m by the disposal of fixed assets, export tax rebate and tourist promotion incentives.

Domestic and international routes both lost money and in his annual report, Mr C. W. Mace, the chairman, said that the position will probably get worse in the current year.

The airline's total revenue increased by 21 per cent to a record NZ$557.2m. Costs, however, rose by 27 per cent to more than NZ$600m. Rising fuel prices constituted to the downturn; last year the fuel bill rose by 55 per cent—equivalent to NZ$50m and these costs are now 24 per cent of the company's total costs.

Air New Zealand has a major problem fuelling its aircraft. On domestic services it cost 80 per cent more for fuels than on carriers in the U.S., Mr Mace said.

The company will reduce domestic services and would like to lose the loss-making Wellington to Sydney international route to help reduce costs. However this will produce a public outcry and scrapping the service may not be possible politically.

The passenger load factor dropped slightly to 68.3 during the year, but this is still regarded as a satisfactory level by international airline standards. Domestic services carry 2.2m passengers and international flights 1m. Th airline flew a total of 5.6m passenger kilometres.

The termination by British Airways of its charter of Air New Zealand DC10s contributed to a 23 per cent slump in charter revenue.

Mr Mace said that all airlines were affected by rising costs leading to losses. For every 1 per cent the New Zealand dollar declines against the U.S. dollar, NZ$1m a year is added to the company's fuel bill. In the past year the fall in the New Zealand currency cost the company NZ$4m.

The company is in the middle of an extensive re-equipment programme and this will continue, but it will almost certainly relinquish seven of its less profitable or loss-making domestic services

Share issue by Acrow SA

By Our Johannesburg Correspondent

ACROW ENGINEERS, the South African manufacturer of steel storage and construction equipment and cranes in which Acrow of the UK has a 30 per cent stake, has offered the public 1m new shares at 285 cents each.

The issue of shares will raise R2.85m ($3.02m) in new capital and give the South African public an overall holding of 30 per cent in Acrow. Apart from the stake held by Acrow of the UK most of the shares are held by non-South African institutions. After the issue the company will have 3.24m ordinary shares of 50 cents par value outstanding.

The prospectus for the offering has forecast that pre-tax profits, which in the year to June 30 rose from R1.64m to R3.15m, will advance to R3.8m in the current year. Net profits are forecast at R2.2m against R1.81m.

New parent formed for Pick 'n Pay retail chain

BY JIM JONES IN JOHANNESBURG

A NEW controlling company, Pick 'n Pay Holdings (Pikwik), is to be created to consolidate control of Pick 'n Pay, the fast-growing South African food and soft goods retail chain, in the hands of its chairman, Mr Raymond Ackerman.

Pick 'n Pay will first undertake a capitalisation issue of 40 new shares for every 100 shares currently in issue. The capitalisation shares will be deemed to be renounced by shareholders in favour of Pikwik in return for 10 shares in Pikwik for every Pick 'n Pay capitalisation share. The effect will be that shareholders in Pick 'n Pay will end up with 100 Pick 'n Pay shares and 400 Pikwik for every 100 Pick 'n Pay held. They will also be entitled, though not obliged, to transfer each of their Pick 'n Pay shares for 10 Pikwik.

Once this has been completed, Pick 'n Pay is to split each of the 3.8m ordinary shares of 50 cents par value it will then have in issue into five ordinary shares of 10 cents par value. This, it is expected by management, will improve the marketability of Pick 'n Pay's shares.

Mr Ackerman and his family are to transfer their Pick 'n Pay shares to Pikwik while certain institutional investors who have 35 per cent of Pick 'n Pay have undertaken not to transfer their holdings to Pikwik. The net result will be that Pikwik will hold about 55 per cent of Pick 'n Pay's ordinary shares and that Mr Ackerman and his family will have about 55 per cent of Pikwik.

In the year to February 28, Pick 'n Pap increased turnover to R745m from R555m ($788m). Pre-tar trading income rose to R28.2m from R18.1m.

Sekisui Prefab increases earnings

By Yoko Shibata in Tokyo

SEKISUI PREFAB HOMES, Japan's leading prefabricated housing manufacturer, was helped to increased operating profits in the six months to July 31 by higher sales of high-quality houses and its rationalisation efforts.

Sekisui's operating profits rose by 15.1 per cent to Y14.63bn ($64m) while net profits were up by 3.5 per cent at Y6.85bn. Half year sales were Y212.97bn, up 0.6 per cent from the first half of the previous year. Per share profits were Y24.97, compared with Y26.62 in the previous year.

Despite signs of recovery in demand for housing as a result of the reduction of housing loan interest rates and stable prices of construction materials, the number of units sold was restrained by soaring land prices. However, the company increased sales by 0.6 per cent through marketing high-quality houses with higher unit prices.

In past years the company has actively purchased real estate to prepare for the decreasing availability of residential land, and this policy increased interest payments by Y1bn from the previous year.

However, lower material costs, including tumbling timber prices, helped to offset the higher interest payments. Additionally, rationalisation of assembly lines and streamlining of materials purchasing helped to improve operating profits.

In the current half year to January 31 the company sees a modest recovery in housing demand. The number of houses sold for the full year is expected to grow by 3 per cent to 42,000 units while turnover is expected to reach Y450bn, up 6 per cent from the previous year.

A halt to land purchases and a trimming of borrowing as a result of its August European Depository Receipt issue are expected to help boost earnings.

Full year operating profits are projected at Y29bn, up 14 per cent and net profits at Y14bn, up 7.3 per cent.

Wheelock offshoot ahead

By our Hong Kong Correspondent

WHEELOCK MARITIME, part of the Wheelock Marden trading group, has turned in a net after-tax profit of HK$43.37m (U.S.$7.34m) for the first six months of 1981. There are no comparable figures as the group has changed its financial year from end March to end December, but for the nine months to December 31, 1980, net profit was HK$44.82m.

The interim dividend has been set at 25 cents per A share and 2.5 cents per B share, which compares with 20 cents and 2 cents respectively for the nine months last year.

Mr John Marden, the chairman, said the good results for the six months reflect increased earnings from group vessels—both in actual and Hong Kong dollar terms—but they should not be taken as indicative of the annual profit figure.

Group post at Watney Mann and Truman

Mr J. Stuart Clarkson has been appointed director of distribution development by WATNEY MANN AND TRUMAN BREWERS. He joins the company from Christian Salvesen, where he was general manager of its Droitwich cold storage and transport operations.

★

Mr Esmond Bulmer, Conservative MP for Kidderminster and deputy chairman of H. P. BULMER HOLDINGS, is to be elected chairman of the company from May 1 1982.

Mr Peter Prior has decided to step down as charman at the end of April next year, but he will remain on the board as a non-executive director. He has reached 62, the age at which Bulmer directors are able to relinquish executive duties under the company's pension scheme.

★

Mr Neil W. Benson has joined the board of GODFREY DAVIS (HOLDINGS) as a non-executive director. Mr Benson is a partner in London accountants, Lewis Golden and Co.

★

Mr Derek Stuart Todd, divisional managing director of Showerings Vine Products and Whiteways (the wine, spirits and soft drinks division of Allied Breweries) is appointed to the boards of the following companies: Britvic; Cantrell and Cochrane Group; Grants of St. James's; Harveys of Bristol; J. R. Phillips and Co.; Showerings; Stewart and Son of Dundee; Teacher (Distillers); Wm. Teacher and Son.

All the companies are subsidiaries of SHOWERINGS VINE PRODUCTS AND WHITEWAYS.

OVERSEAS

ARLABANK has appointed three assistant general managers: Mr David Hudson will be reponsible for the investment banking division in Lima; Mr Patrick vander Elst will take charge of Arlabank's business development division in Lima; and Mr Adnan N. Bseisu will lead the company's offshore branch in Bahrain.

★

Dr Hans Imgrund has been promoted to vice-president—sales, Europe for CLIMAX MOLYBDENUM COMPANY, a division of Amax Inc. Mr Nick Mouthaan has been made vice-president, finance and control, Europe.

★

Mr Larry A. Cooper has been elected a vice-president of CHICAGO BRIDGE AND IRON COMPANY, with headquarters in Oak Brook, Illinois. Mr Cooper was recently promoted to assistant sales manager for Europe, Africa and the Middle East out of London.

★

Mr Robert H. Kinder has been promoted to vice-president—Government marketing for the DOUGLAS AIRCRAFT COMPANY division of McDonnell Douglas Corporation. Mr Kinder has served as director—transport aircraft group in McDonnell Douglas/Washington DC office since 1975.

★

NATOMAS COMPANY has appointed Mr Royston C. Hughes vice-president of administration for Natomas North America.

★

Mr Anthony Abrahams, president of D'ARCY-MacMANUS AND MASIUS WORLDWIDE, INC., will also become chief executive officer of D'Arcy-MacManus and Masius Worldwide, Inc., and D'Arcy-MacManus and Masius, Inc., on January 1 next year.

Mr Michael D. Abrahams, chairman and chief executive of Weavercraft Carpets, has been appointed a director of PRUDENTIAL PENSIONS.

★

Mr H. A. Whitson has been appointed director, credit insur- SCOTTISH MUTUAL ASSURANCE SOCIETY succeeding Professor T. Wilson, who retires after three years in that office but remains a director. Mr D. D. McKinnon, deputy general manager, has become a director.

★

Mr Alastair Malcolm has been appointed director, creditin surance division, ARMCO FINANCIAL SERVICES EUROPE. Mr Malcolm will have responsibility for developing this new activity of the company, reporting directly to Mr Peter Fryer, managing director of British National.

★

Mr Christopher H. E. FitzPatrick has been appointed to the group board of VICTOR PRODUCTS (WALLSEND). He continues as divisional manager of the company's connector division and retains an interest in Transtar as a board member.

★

Mr C. S. Lawrie has been appointed a director of ARGYLL FOODS and continues as chief executive of the group's cash-and-carry and grocery and distribution divisions.

★

MATHER AND PLATT, part of the Wormald International Group, has made the following appointments in the rotating machinery division. Mr Albert Bocking becomes sales and marketing director, Mr Ian Massey, is appointed engineering director, and Mr William Millward is now manufacturing director of the division.

★

Mr Brian Clark has become sales director for TWINLOCK UK in succession to Mr Brian Croft, who will be assuming responsibility for a number of group special projects. Mr Clark retains his responsibilities as sales director for Twinlock's subsidiary, Sasco. Mr David Wragg has been appointed to the new post of group public relations manager for Twinlock.

★

Mr Stephen W. Welch has been appointed an associate director of BIS SOFTWARE.

★

Dr Douglas J. N. Currie has become general manager of HOLLAND DREDGING COMPANY (UK), a subsidiary of Baggermaatschappij "Holland" BV.

★

BRITISH ELECTRICITY INTERNATIONAL has appointed Mr Barry Lello as director of Middle East operations. He joins BEI, the overseas consultancy company of the British electricity supply industry, on secondment from the Department of Trade.

★

Mr David I. Boorer has joined the London branch of BANCA SERFIN as manager credit and loans. Mr Mario Reyes Sanchez, manager correspondent banking has returned to head office in Mexico to take up the position of manager Europe, correspondent banking area.

UK COMPANIES

James Dickie profits plunge to £10,046

WITH turnover for the half year to April 30, 1981, down from £2.57m to £1.95m, James Dickie and Company (Drop Forgings) has announced greatly reduced pre-tax profits of £10,046 compared with £106,618 in the same period last year.

As already announced, the interim dividend is to be cut from 2.438p to 1.5p net per 25p share. Last year a total of 3.938p was paid.

Trading loss for the six months was £9,678 compared with a profit of £93,458, to which interest received added £19,724 (£13,160). Tax took £5,224 (£55,441).

Stewart Nairn incurs losses of £166,964

IN THE year to March 31 1981 the Stewart Nairn Group incurred taxable losses of £166,964 compared with profits of £15,396 on turnover £520,000 down at £1.98m.

The dividend of this hosiery and knitwear manufacturer and distributor is to be missed—last year a single payment of 0.05p net per 5p share was made. Losses per share are given as 1.87p (0.27p earnings).

At the half year stage the company had already made pre-tax losses of £77,097 (£51,554 profits) and turnover stood at £1.04m (£1.34m).

Tax took £5,997 (£9,234 credit) and after extraordinary debits of £13,673 (£14,840) the attributable losses emerged at £186,634 (£9,790 profits). Current cost adjustments increased the taxable losses to £186,250 (£35,918).

The directors point out that the company's listing was suspended at their request on August 28 following an approach which may result in a substantial acquisition. Discussions are still proceeding and a further announcement will be made as soon as possible.

WORLD STOCK MARKETS

Wall St lower at midsession

STOCKS WERE lower at midsession in New York in light, featureless trading as investors put the market on hold before the holiday weekend.

The Dow Jones Industrial Average, which had fluctuated all morning, was down 2.86 to 881.37 at 1.00 pm. Declines edged out advances as volume fell to 25.1m shares (26.54m). The NYSE All Common Index was 31 cents lower at $71.25.

The only factor affecting the market, other than special news situations, was some bargain hunting. Trading traditionally falls off in the week before the Labor Day weekend.

Norfolk and Western rose 1 to $41¼. It acquired an 8.2 per cent interest in Piedmont Aviation.

Cenco gained 1¾ to $14¾ before being halted due to heavy trading volume. The company planned to release its first-quarter earnings later in the day.

Coleco rose 1 to $9¼ on news that it will make and sell electronic games for the home under an exclusive licence with Bally.

Itek lost 2 to $20⅞. It said on Wednesday that it expects lower earnings from continuing operations.

Levitz Furniture rose 1¼ to $38⅞. It reported an 0.7 per cent increase in August sales.

Other Stores reporting higher August sales did not do as well. Sears was unchanged at $16⅞, K Mart dropped ⅛ to $19½, Penney's lost ⅛ to $31½ and Dayton-Hudson was unchanged at $55½.

THE AMERICAN SE Market Value Index was down 6.75 to 345.54 at 1 pm on volume of 2.81m shares (4.18m).

Canada

Stock prices were off sharply at mid-session with the Toronto Composite down 18.8 to 2,194.4 on reduced volume of 3.72m shares (7.16m). Declining issues led advances more than two to one.

Eleven of the exchange's indices fell, paced by Oil and Gas, off 114.3 to 4,814.2, and Pipelines, off 50.8 to 1,941.4.

Closing prices for North America were not available for this edition.

Australia

Market hopes that a promising oil flow in the Copper Basin would shore up sagging prices evaporated in a wave of heavy selling in the Oil sector.

The Oil and Gas index fell 24.3 to 703.4 for a loss of 30 points since news on Wednesday that the Merrimelia 6 well had flowed oil at the rate of 2,700 barrels a day. Alliance Oil Development, with a 50 per cent interest in the well, fell 15c to A$1.55 after failing to impress the London market overnight.

Heavy selling in Oils helped to push the All Ordinaries index 4.9 lower to 615.4, its lowest level of the year.

Sugar stocks, contending with a spot price at a two-year low, were hard hit. CSR fell 20c to a 1981 low of A$4.80, while Pioneer and Bundaberg lost 5c each to A$1.70 and A$2.80 respectively.

Golds were stronger in line with the metal's price advance, and Central Norseman rose 60c to A$8.30, GMK 30c to A$7.90 and Poseidon 20c to A$4.20.

Tokyo

Share prices closed slightly higher, recovering from a sharp initial setback.

The Nikkei Dow Market Average rose 0.29 to 7,678.46 after a fall of 70.37 in early trading. The Tokyo Stock Exchange index closed at 578.30, up 1.24.

Blue Chips and Populars fell sharply in the morning, continuing Wednesday's decline, but Market Leaders recouped much of the loss on buying at the lower level.

Vehicles, Cameras, Shipping Lines and some Big Capitals rose, with Canon up Y90 to Y1,500, Fuji Photo Film Y40 to Y1,570, Toyota Motor Y90 to Y1,350, Hitachi Ltd. Y8 to Y796 and Nissan Motor Y40 to Y1,070.

Electricals opened sharply lower but recovered to close mixed. Sony fell Y30 to Y4,320 after falling to Y4,246, but Matsushita Electric rose Y20 to Y1,550, TDK Electronics Y20 to Y4,370 and Pioneer Y50 to Y3,810.

Energy-related issues, Pharmaceuticals and some Machine Tools closed lower. The second market finished sharply lower.

Hong Kong

The stock market closed easier but well above its lows. The Hang Seng index ended 23.94 down at 1,587.63 after having stood 41 lower after the first hour's trading.

The sharply weaker opening followed London's easier close and heavy selling by Chinese speculators.

But a technical rebound later firmed prices and dealers noted heavy buying of selective stocks, especially Carrian Investments and Trafalgar. Carrian ended 5c up at HK$9.20 but Trafalgar was 30 down at HK$5.40.

Dealers said investors were generally nervous and that cash was being drained from the market by the Hysan 500m share new issue, the Wing On Company 98.7m share rights issue and the Hong Kong and Shanghai Bank HK$1bn cash call due next month.

Paris

Prices firmed in active trading reflecting expectations of a fall in French banks' base rates.

The expected extension of state control over term deposit rates also prompted hopes of easier credit for industry.

Oils led the trend, which extended to all sectors, with Esso up FFr 9 at FFr 203 and CFP up FFr 7.2 at FFr 127.

Among companies in line for nationalisation this autumn, CGE added FFr 5 to FFr 290 and Rhone Poulenc FFr 1.8 to FFr 80.3 while Avions Dassault shed FFr 10 to FFr 535.

Germany

Share prices closed higher after a moderately busy session, with more buying interest than recently reported from foreign investors and domestic institutions.

The Commerzbank index rose 4.90 to 712.10.

Deutsche Bank, after recent losses, led its sector up DM 3.70 to DM 273.50, while Dresdner rose DM 2.70 to DM 147 and Commerzbank DM 3 to DM 134.50. In Autos, BMW advanced DM 4 to DM 187.80 and Daimler DM 2 to DM 343.50, but VW fell DM 0.20 to DM 144.70.

Linde featured in Engineerings with a rise of DM 7 to DM 334. Chemicals were firmer, while Steels were generally unchanged.

Trading in the domestic and mark Eurobond markets was subdued, with prices in general little changed. Public authority prices moved in the range of plus 0.25 to minus 0.25, with one bond shedding as much as 0.70.

Bundesbank intervention was slight, with sales totalling only DM 200,000 after purchases of DM 8m on Wednesday.

Switzerland

Domestic share prices continued irregular on inflation and interest rate worries. Stocks opened slightly higher in response to a weaker dollar but lost most of their gains towards the close.

Domestic and Foreign Bonds turned irregular, helped by some selective buying on the low price levels.

Johannesburg

Stocks closed mostly firmer in extension of Wednesday's trend.

Heavyweight Golds added 100c or more in response to the firmer bullion price, while cheaper priced producers gained between 10 and 50 cents. Elsewhere the market followed Golds.

Indices

NEW YORK —DOW JONES

	Sept. 2	Sept. 1	Aug. 31	Aug. 28	Aug. 27	Aug. 26	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
◆Indu str'ls	884.23	882.71	881.47	892.22	889.08	889.26	1024.05 (27/4)	881.47 (31/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.52	57.58	57.48	57.56	57.45	57.85	65.78 (15/1)	57.45 (27/8)	—	—
Transport.	373.01	371.21	371.48	376.46	374.40	378.78	447.38 (16/4)	371.21 (1/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	108.68	108.72	108.81	109.74	109.40	108.85	117.81 (6/1)	103.89 (5/6)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	37,570	45,110	40,880	38,200	43,900	38,980	—	—	—	—

◆Day's high 892.41, low 879.28.

Ind. div. yield %	Aug. 28	Aug. 21	Aug. 14	Year ago (approx)
	6.20	6.01	5.90	5.59

STANDARD AND POORS

	Sept. 2	Sept. 1	Aug. 31	Aug. 28	Aug. 27	Aug. 26	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	138.88	138.27	137.88	139.37	138.82	140.63	157.02 (6/1)	137.88 (31/8)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	123.49	123.02	122.79	124.08	123.51	124.96	38.12 (6/1)	122.79 (31/8)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 26	Aug. 19	Aug. 12	Year ago (approx)
Ind. div. yield %	5.07	4.85	4.75	4.73
Ind. P/E Ratio	8.94	9.33	9.54	8.34
Long Gov. Bond yield	14.25	13.87	13.51	11.32

NY. S.E. ALL COMMON

Sept. 2	Sept. 1	Aug. 31	Aug. 28	1981 High	1981 Low
71.56	71.28	71.20	71.97	79.14 (6/1)	71.20 (31/8)

Rises and Falls

	Sept. 2	Sept. 1	Aug. 31
Issues Traded	1,857	1,879	1,886
Rises	864	579	506
Falls	553	886	1,002
Unchanged	440	414	378
New Highs	3	2	2
New Lows	90	182	144

MONTREAL

	Sept. 2	Sept. 1	Aug. 31	Aug. 28	1981 High	1981 Low
Industrials	385.48	386.25	382.98	383.36	409.56 (27/6)	446.26 (20/2)
Combined	353.96	353.00	350.52	351.90	475.29 (13/8)	339.84 (20/2)
TORONTO Composite	2203.2	2198.5	2178.71	2188.2	2379.9 (10.4)	2161.4 (20/2)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Super Oil	533,700	37¾	−⅛	Sony	396,000	18⅞	−½
United Brd	514,500	13	+⅛	IBM	385,200	55⅞	−⅛
Marathon Oil	478,000	63½	+2¼	Allis-Chal	381,100	16	−1
Heublein	431,400	27⅞	+¼	Sears Roc	360,400	17	+⅛
Strage Tec	400,400	32⅞	—	Amer. Cyan	321,500	28½	−¼

COMMODITIES AND AGRICULTURE

Weather reduces apple crop

By Our Commodities Staff

APPLE PRICES are likely to rise sharply later this year because of weather-reduced crops in Britain and France, the Fresh Fruit and Vegetable Information Bureau warned yesterday.

The cold wet spring and frost at the late bud stage reduced dessert apple crops in the two cent, compared with last year, and halved the UK Bramley crop. As a result dessert apples are likely to be 5p-10p a pound dearer from mid-November, after the early season flush is over.

But the reduced supplies mean that there is likely to be no French invasion this year. Last year French apples, mostly Golden Delicious, supplied 40 per cent of British consumption. Most French exports from the current crop are expected to go to Denmark, Belgium, the Netherlands and West Germany, where crops have also been poor.

Warning on chromium reserves

BRUSSELS — The International Iron and Steel Institute said the concentration of 95 per cent of world chromium ore reserves in three countries is worrying, and could lead to interruptions of supply because of political disturbance.

It said in a report on chromium and the steel industry over 95 per cent of reserves are concentrated in South Africa, Zimbabwe and the Soviet Union.

However, chromium reserves are more than adequate for the time being, the institute said.

Chromium production is not as concentrated as the reserves suggest, the IISI report said. But output from the two main producers, South Africa and the USSR, increased to 57 per cent of world production in 1979 from 39 per cent in 1960.

In the same period there was a noticeable decline in the export share of chromium ore production, due mainly to ore-producing countries trying to increase the value of their mineral by exporting chromium in the form of chromium ferro-alloys, it added.

Reuter

Copper leads rise in metals

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER led a general rise in London Metal Exchange prices yesterday. Cash wirebars closed £14.5 up at £939 a tonne, with buying interest stimulated by the rise in New York overnight and the higher gold price reflecting increased political tension in Poland and Angola.

In the U.S. Asarco raised its domestic selling price for copper by one cent to 85 cents a lb in line with the market.

firmer trend in the New York

eLad followed the uptrend in copper. The cash price gained £13.5 to £418.5 a tonne. So did zinc. Cash zinc rose by £8.5 to £523 a tonne, encouraged by news that another European smelter, Preussag, had raised its producer price from $925 to $1,000 a tonne.

Tin values closed only marginally higher, when selling in the afternoon wiped out most of the earlier gains.

However in the Penang market overnight the Straits tin price rose by a further 15 cents to $M35.30 a kilo, only 17 cents below the International Tin Agreement "ceiling" of $35.47.

Last Friday the Straits tin price reached $M 35.32 before falling back again and there is some uncertainty as to whether the influential buyers dominating the market will want to breach the "ceiling" and force the buffer stock of the International Tin Council to sell all its existing holdings. On the other hand rise to over £9,000 a tonne is being predicted by chartists in London, and the market will either have to rise or fall from its present level—it can hardly remain unchanged in present circumstances.

Reuter reports from Kuala Lumpur that Malaysian Prime Minister Datuk Seri Mahathir Mohamed said tin consumers should not get upset over reports circulating in London that some producers are buying tin in a bid to firm what would otherwise be a weak market.

Although he did not elaborate, this was an apparent reference to U.S. sales from its General Services Administration (GSA) stockpile.

Mr Mahathir was further quoted as saying that if it is morally right for a consumer to act in a manner which lowers the market, it is also morally right for producers to shore up the price of the metal.

London futures trading up

BY OUR COMMODITIES STAFF

TRADING turnover on the London "soft" (non-metal) markets rose during August, compared with a year ago, to 313,336 lots against 277,713 lots previously, according to International Commodities Clearing House. But turnover for the first eight months of the year at 2,677,817 lots was still below the 1980 figure for the same period of 2,96,528. Value of the contracts at £26,946m was also well down compared with last year's equivalent of £36.7m.

There was a big rise in cocoa futures trading in August, with turnover jumping to 71,723 lots against 39,916 a year ago. Robusta coffee trading was also well up at 103,280 lots, but there was lower turnover in the sugar market, although it still had the biggest turnover at 105,872 lots.

The August turnover was boosted by gas oil futures, with a total of 10,603 lots, but this was exceeded by potato futures which had 11,807 lots compared with 772 a year ago. The London Potato Futures Association noted that since the end of the first year of trading on June 15, turnover up to September 1 already exceeded the whole of last year's total.

The London Metal Exchange announced yesterday that it had been decided, effective from October 1, to publish daily turnover figures based on figures supplied by the ICCH computer.

● The New York Mercantile Exchange (NYMEX) has received Commodity Futures Trading Commission (CFTC) approval on two new contracts for regular leaded and regular unleaded gasoline.

Stipulating New York Harbour delivery, the two new gasoline futures contracts will be the first ever traded on a commodities exchange.

Indian tea output falls

By P. C. Mahanti in Calcutta

THE LOWER trend in Indian tea output this year continued right up to end of July, the Tea Board has confirmed. The figure for the first seven months of 1981 totalled 269m kilos compared with 285m.

At the end of June the deficit was 20m kilos. July and August are peak plucking months in north India, so August's figure will indicate what the year's crop figure is finally likely to be.

Meanwhile, Reuter reports from Colombo that Sri Lanka lost about 1m kilos of tea and 1,000 tonnes of rubber during communal disturbances in its tea and rubber districts last month. Mr Kenneth Ratwatte, chairman of State Plantation Corporation, said.

He said 36 estates covering about 35,000 acres of tea and rubber were affected and production had to be abandoned for about eight days, but was now back to normal.

In addition to the loss of production, there had been about $116,000 worth of damage to estate property, staff quarters, lines, other buildings, vehicles, furniture and fittings.

China ships peanuts to U.S.

CHINA was the main beneficiary of an expanded peanut-import quota the U.S. Government recently authorised to make up for drought-induced domestic crop losses, according to a U.S. Department of Agriculture report.

China supplied more than half of the 136,000 tonnes of shelled peanuts shipped to the U.S. between August last year and June 1981.

The Asian Wall Street Journal reports that Chinese sales totalled $148m for 70,400 tonnes of peanuts. U.S. prices for the commodity during the period averaged $2,100 a tonne or more than double what they averaged a year earlier.

The windfall could be short-lived, however, because U.S. production is back to normal levels and overall imports are likely to be reduced sharply. But China already has established a reputation among U.S. food manufacturers as a major alternative source for shelled peanuts.

UN warns on world cereal stocks

BY JAMES BUXTON IN ROME

WORLD CEREAL stocks are likely to fall this year to the lowest level since 1975-76 in spite of bumper harvest prospects, according to the UN Food and Agriculture Authority.

Total cereal production is forecast to rise by 45m to 100m tonnes over the 1980 figures, but most of the increase is likely to be accounted for by increased consumption, and stocks to be carried over into 1982 are predicted to be 27m tonnes down at 224m tonnes—equivalent to only 15 per cent of world consumption.

The FAO expect total cereal produtcion of between 1.48bn and 1.535bn tonnes. This compares with a 1980 figure of 1.435bn tonnes. The FAO estimate suggests that a historical record figure will be achieved, though it would only be in line with the long term trend in cereal production.

The FAO, which is based in Rome, expects a large wheat crop of between 455m and 460m tonnes (compared with 445m in 1980) and a good coarse grain c rop. Another large rice crop is also expected this winter, thanks to a generally favourable monsoon.

However, the FAO points out that while the U.S. can expect good harvests of different crops this year, both the Soviet Union and China will have poor harvests. Because of this, and because of the possibility that India may import more wheat to replenish Government stocks, a record amount of wheat is likely to be traded — between 215m and 223m tonnes, compared with 215m tonnes in 1980.

● Mr Maurice J. Williams, executive dirdector of the UN World Food Council, called yesterday for the creation of a 9m tonne wheat reserve to meet the needs of developing countries during periods of scarcity or high prices.

Speaking at a special UN conference on aid to the world's 31 poorest nations, Mr Williams said persisting global food insecurity threatened the neediest countries

Port grain elevators halted

GRAIN HANDLERS brought Thunder Bay, Canada's busiest grain port, to a standstill, starting a general walkout their leaders said may have been inevitable. The elevators were locked and the employers association says it has no plans to reopen negotiations.

Picket lines were thrown up at all 13 grain terminals in the Lake Superior port on Wednesday morning. Frank Mazur, head of the Canadian lakehead grain elevator workers, said the 1,600 workers are determined to stay out until a new contract is reached. They have been without a contract since January 31.

The port annually handles about 60 per cent of Canada's grain exports.

FARMER'S VIEWPOINT

Choosing the right seed

I WAS talking to a seed merchant the other day. He was complaining that farmers were delaying ordering their supplies of winter cereals until they had seen the results of this year's harvest.

This, he said, would put an almost impossible strain on his organisation. Because once farmers had made their minds up, they would all want deliveries at once and if they all plumped for the same variety there would not be enough certified seed to go round.

As one of the farmers still making up his mind, I understand his feeling; but little does he know of the problems facing us. Choosing the right variety is rather like picking the winner of the Grand National a year before the race, with a form book written in double dutch as far as a simpleton like me is concerned.

This form book is the classified list of varieties issued by the National Institute of Agricultural Botany, together with its recommendations. These recommendations are the results of trials carried out by the Institute at centres throughout the country and are based on such things as yield per hectare and resistance to disease. There are over 50 classified varieties of winter wheat for instance but of these only 16 are on the recommended list.

There are 13 listed characteristics for each variety. They are scaled on an ABCD system with A as applied to the heights, yield and so on. On the recommended list there are percentage yield comparisons and a scale of 1 to 8 is used as well to give a rather finer assessment.

Faced with this confusion of letters and figures, most farmers turn to the experience of their neighbours to reinforce their choice. This is quite sensible. The land and climate of Britain varies in a variety of ways all over the country. What will suit one farm may not do anything like so well a few miles away.

This, of course, is a most inexact exercise. Farmers, like fishermen, are apt to embellish their stories, and in any case seldom elaborate on the sort of land on which the particular varieties are grown. Nor do many of them know until well after harvest just what individual fields have yielded, sometimes not even then. All you can gather from endless telephoning and market gossip is that the consensus is that such and such a variety has done well while another is showing signs of slipping back.

This is often reflected in the Recommended List, which gradually removes various varieties that are out of favour or are becoming outclassed.

Not everyone takes the Recommended List as their Bible. A very popular variety of spring barley, called Golden Promise, has never yet been placed on the list because for some reason it has not come up to the examiners' criteria. Yet it is quite successful in parts of Scotland and is now advancing fast in the south of England.

One reason for the plethora of strains on the market is the expansion of seed breeding and seed marketing, since the seeds regulations of the EEC were enforced in Britain soon after accession.

These regulations lay down in effect that all farm seeds traded have to be first or second generation from basic stock, be certified when growing for purity and must meet other criteria. Previously in Britain a strain could be maintained by simple field approval for many years.

The EEC regulation abolished this, and by limiting the generations to two, made for a much easier enforcement of plant breeders' rights. Previously there was no enforcement of these rights or rewards for the breeders except from the sale of the first parcels of commercial seeds. Now every tonne of certified seed sold has to be subject to royalty or rights payments.

There is nothing to stop a farmer from saving the seed from any variety, processing it and sowing on his own farm. What he is not supposed to do is to sell it to his neighbours as seed, although there is nothing to stop the neighbour buying it as feed grain and then planting it instead.

I don't believe the new regulations have made much direct contribution to yield improvement, which in any case is partly the result of new techniques of cultivation and disease control. What they have done is to present the plant breeders with an almost certain income from the rights. Previously the breeders were traditionally hard up for cash and laboured on a shoestring. Farmers don't willingly pay their benefactors anything.

The main breeders in Britain are the state-controlled Plant Breeding Institute, and a number of commercial firms, some of whom also maintain and distribute Continental varieties. Plant breeding costs a lot of money, anything from 12 to 20 years is needed to get a variety on the market and there is no doubt the security of the royalties has made the industry much more viable.

The commercialisation of the seed trade is far advanced and advertising costs must be heavy. This is in marked contrast to what happens in France, where the head of one of the largest seed breeding companies told me that his company spent less on publicity in a year than a well known English one spent in a week.

In France too there has not been the same mass of new seed strains available. French farmers are conservative, using some tried and trusted favourites for many years. Also I found it common for farmers to save their own seed only buying limited quantities of new varieties. When I asked them why they said it was cheaper that way.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

Base metal prices gained ground on the London Metal Exchange, led by Copper which touched £968 immediately following reports of renewed fighting in Angola; three months subsequently eased back to close the afternoon kerb at £964. Lead closed at £427, zinc at £528.5 and tin at £8,290. Aluminium was finally £670.75 and nickel £3,222.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	934-.5	+8.25	938.5-9.5	+14.5
3 months	962.5	+8	968-.5	+14.7
Settlem't	935	+8.5	—	.....
Cathodes				
Cash	933	+9	935-7	+12
3 months	955.5-6	+8	960-1	+14
Settlem't	934	+8	—	.....
S. Prod	—		*82.5-9.25	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £934, three months higher grade £962, 64, 65, 66, 67, 68, 67, 65.5, 66, 65.5, 64.5, 64, 63.5, 63. Cathodes, three months £967, 56. Kerb: Wirebars, three months £964, 65, 65.5, 66, 67, 66, 65.5, 66. Afternoon: Wirebars, three months higher grade £965, 64.5, 65, 66, 67, 68, 68.5, 68. Kerb: Wirebars, three months £967, 68, 67, 68, 65.5, 66. Turnover 31,825 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8145-55	+8.25	8090-8	+34
3 months	8315-20	+60	8290-300	+40
Settlem't	8155	+85	—	.....
Standard				
Cash	8145-55	+82.5	8090-8	+34
3 months	8315-20	+60	8290-300	+46
Settlem't	8155	+85	—	.....
Straits E.	$M35.30	+0.15	—	.....
New York	—	.....		

Tin—Morning: Standard, cash £8,140, 30, 40, 50, three months £8,330, 20, 10, 15. Kerb: Standard, three months £8,310, 05, 10. Afternoon: Standard, three months £8,305, 8,300, 8,290. Kerb: Standard, three months £8,290. Turnover 1,550 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	417.5-8.5	+10.5	418-9	+13.5
3 months	421.5-2	+7	424-5	+13
Settlem't	418.5	+10.5		.....
U.S. Spot	—	.....	*42.4	.....

Lead—Morning: Cash £418, 19, 18.5, 18, three months £418, 19, 21, 22, 23, 22, 22.5. Kerb: Three months £421, 22, 22.6. Afternoon: Three months £422, 22.5, 24, 25. Kerb: Three months £424, 25, 25.5, 26. Turnover 18,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	522.5-3	+8.25	522.5-3.5	+8.5
3 months	537.5-8	+8.25	538-9	+8.5
S'ment	523	+8	—	.....
Primw'ts	—	—	*49.75-50	.....

Zinc—Morning: Cash £523, three months £536, 38, 40, 39, 38. Kerb: Three months £537.5, 38, 39, 38.5. Afternoon: Three months £536, 37, 38, 39, 38. Kerb: Three months £538, 37, 36. Turnover 5,425 tonnes.

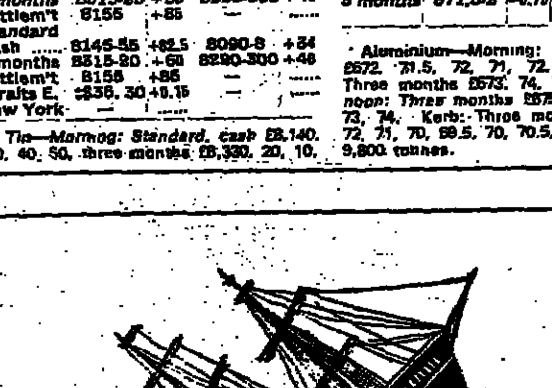
Aluminm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	646-7	—8	649-50	+5.5
3 months	671.5-2	—5.75	674-.5	+5.5

Aluminium—Morning: Three months £672, 71.5, 72, 71, 72, 71.5. Kerb: Three months £673, 74, 75, 76. Afternoon: Three months £675, 74, 72, 73.5, 73, 74. Kerb: Three months £674, 73, 72, 71, 70, 69.5, 70, 70.5, 70. Turnover 9,800 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3180-90	+5	3165-70	+7.5
3 months	3240-5	+7.5	3225-30	—2.5

Nickel—Morning: Cash £3,185, three months £3,240, 50, 45, 42, 45. Afternoon: Three months £3,240, 30, 25. Turnover 462 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ‡‡ High grade cathodes deliverable from Sept 1.



SILVER

Silver was fixed 8.5p an ounce higher for spot delivery in the London bullion market yesterday at 518.9p. U.S. equivalents of the fixing levels were: spot $9.592, up 16.6c; three-month $10.004, up 20.5c; six-month $10.469, up 24.6c; and 12-month $11.272, up 25.1c. The metal opened at 516½-523½p ($9.56-9.68) and closed at 522-523p ($9.65-9.76).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	518.90p	+8.50	522.5p	+14.5
3 months	534.90p	+8.50	539p	+14.5
6 months	553.85p	+10.2	—	.....
12months	588.00p	+10.4	—	.....

LME—Turnover 186 (158) lots of 10,000 ozs. Morning: three months 538.5, 37, 38.5, 37. Kerb: three months 537, 39. Afternoon: three months 540, 39. Kerb: three months 536.

COCOA

The market steadied on the opening but did not reach expected levels after a strong New York close. Values drifted down as jobbers took profits and sellers of physicals found little support from buyers. In the afternoon the early selling pressure was absorbed, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ —	Business Done
Sept	1226-30	+10.5	1250-22
Dec	1281-82	+9.0	1289-76
March	1296-97	+6.0	1304-292
May	1304-06	+6.5	1311-01
July	1308-10	+2.5	1314-11
Sept	1315-19	+3.0	1322-19
Dec	1325-30	+4.0	1328-27

Sales: 3,849 (4,010) lots of 10 tonnes.

ICCO—Daily price for Sept 2: 105.84 (105.33); Indicator price for Sept 3: 104.47 (103.79).

COFFEE

Recent underlying strength emerged to lift the market through chart resistance levels, reports Drexel Burnham Lambert. A steady "C" performance failed to attract any substantial follow through support and under the weight of trade selling and dealer profit-taking prices retreated.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	873-74	—13.5	901-65
Nov	956-13	—10.5	934-92
Jan	918-19	—6.0	944-05
March	929-29	—3.0	950-09
May	952-58	+5.5	970-25
July	946-47	—5.5	970-35
Sept	945-50	—10.5	980-50

Sales: 5,665 (5,544) lots of 5 tonnes.

ICO Indicator prices for Sept 2: (U.S. cents per pound): Comp. Daily 100.38 (95.63); 20-day average 106.00 (106.34).

GAS OIL FUTURES

After opening unchanged prices drifted lower before steadying slightly due to good trade buying in the September position, reports Premier Man.

Month	Yesterday's close	+ or —	Business Done
	$ U.S. per tonne		
September	301.00	—1.25	302.00-00.00
October	304.00	—	304.50-04.00
November	307.25	—	307.50-06.50
December	309.75	+0.25	310.50-08.50
January	313.00	[illegible]	[illegible]
February	315.25	[illegible]	[illegible]
March	318.75	[illegible]	[illegible]
April	320.00	[illegible]	[illegible]
May	322.00	[illegible]	[illegible]

Turnover: 266 (122) lots of 100 tonnes.

GRAINS

Grains opened unchanged. Wheat buyers of spot failed to materialise and general country hedge selling lowered values. Barley was initially steady but declined on the back of wheat, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Sep	160.50	—1.65	98.90	—0.20
Nov	109.00	—0.75	102.15	—0.15
Jan	113.05	—0.85	106.00	—0.25
Mar	116.55	—0.85	109.70	—0.20
May	120.20	—0.40	113.25	—0.15
July	123.80	—0.40	—	

Business done—Wheat: Sept 107.55-106.50, Nov 108.80-109.00, Jan 113.78-113.05, March 117.30-117.15, May 120.90-120.25, July 124.25-124.20. Sales: 254 lots of 100 tonnes. Barley: Sept 99.20-98.90, Nov 102.35-102.10, Jan 106.35-105.90, March 109.85 only, May 113.50-113.15. Sales: 184 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Sept 113, Oct 112.75 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent, Sept 117.50 transhipment East Coast sellers. English Feed fob Sept 109.50 East Coast seller. Maize: French, Sept 126.50 transhipment East Coast. S. African Yellow, Sept 91.50 seller. Barley: English Feed fob Sept 103.25 seller East Coast, Scotland, Oct 106 East Coast seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 102.00, W. Midlands 105.50, N. West 104.40. Feed barley: S. East 96.60, S. West 96.10, W. Midlands 94.00, N. West 96.50. The UK Monetary Coefficient for the week beginning Monday September 7 will remain unchanged.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing easier. Lewis and Peat reported a fob Sept price for No. 1 RSS in Kuala Lumpur of 256.5 (254.5) cents a kg and SMR20 206.5 (205.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	58.80-58.70	60.10-60.20	59.60
Nov	60.40-60.60	60.80-61.10	—
Oct-Dec	60.50-60.80	60.80-61.10	61.00-60.50
Jan-Mar	63.50-65.60	64.10-64.20	64.20-63.40
Apl-Jne	66.60-66.70	67.50-67.56	67.20-66.70
Jly-Sept	69.80-69.90	70.40-70.60	70.10
Oct-Dec	73.10-73.40	73.60-73.70	73.20
Jan-Mar	76.10-76.20	76.60-76.90	76.60-76.20
Apl-Jne	78.20-79.50	78.90-80.00	78.50

Sales: 235 (185) lots of 15 tonnes; 12 (nil) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 58.25p (58.50p); Oct 57.00p (57.50p); Nov 58.00p (58.50).

SOYABEAN MEAL

The market opened with small gains but drifted on trade selling, reports T. G. Roddick. Fresh commission house buying coupled with short covering kept prices steady, and the market rallied.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
October	133.80-34.1	+0.80	134.00-33.20
December	135.50-35.7	—0.50	134.40-35.50
February	135.80-36.1	+0.20	138.00
April	136.50-38.0	+0.25	—
June	138.00-40.0	+1.50	—
August	138.50-45.0	+1.25	—
October	139.00-48.0	+2.00	—

Sales: 127 (41) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £160.00 (£155.00) a tonne cif Sept-Oct shipments. White sugar daily price £155.00 (£150.00).

The market opened higher but quickly ran into heavier selling. Continuing rumours of Chinese buying revived the trend and a steadier tone ensued until near the close when prices reverted to the lows, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	161.50-61.60	162.00-62.25	167.00-60.75
Jan	161.50-62.50	163.00-63.50	166.50-65.80
March	167.25-77.50	169.00-69.25	175.50-67.00
May	179.20-70.25	175.00-72.50	179.00-69.75
Aug	173.50-74.00	176.50-76.00	180.00-74.75
Oct	177.00-78.00	179.50-80.50	182.50-77.50
Jan	177.75-78.50	178.75-81.00	—

Sales: 6,703 (6,990) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne fob home trade and £267.5 (£261.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 2: Daily price 11.58 (11.46); 15-day average 13.73 (14.00)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 193 tonnes. More supplies were on offer and a modest turnover resulted. Interest was chiefly in American type qualities, with African and South American styles attracting most attention.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Oct 393, 400, nil; Dec 396, 397, 396-395; Jan 400, 401, 403-402; March 410, 412, 412-411; May 420, 422, 422-420; Aug 432, 433, 433-432; Oct 435, 439, 437-433; Dec 436, 439, 438-437; Jan 437, 439, 438-437; March 443, 446, 444. Sales: 29.

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kilo. Oct 497.5, 498.0, 497.5-496.5; Dec 506.5, 507.0, 507.0-506.5; March 519.0-520.0, 519.0-518.5; May 527.0, 528.0, 527.0; July 534.0, 535.0, 534.0; Oct 529.0, 531.0, 530.0; Dec 533.0, 537.0, untraded; March 538.0, 534.0, untraded. Sales: 43.

POTATOES

LONDON POTATO FUTURES—Follow through buying from Wednesday moved prices higher before profit-takers were attracted and values fell steadily back. A higher Dutch market failed to stimulate interest and the market closed quietly steady, reports Coley and Harper. Closing prices: Nov 85.60, +0.70 (high 86.50, low 85.00); Feb 108.50, +1.10 (high 108.20, low 106.40); April 122.70, +1.20 (high 124.70, low 122.00). Turnover: 404 (267) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 72.2 to 76.4; Ulster hindquarters 83.0 to 91.5, forequarters 51.8 to 55.5; Eire hindquarters 88.0 to 89.0, forequarters 51.0 to 53.2. Veal: Dutch hinds and ends 119.0 to 124.0. Lamb: English small 53.0 to 61.0, medium 55.0 to 59.0; imported frozen—New Zealand PL 58.0 to 58.5. Pork: English, under 100 lb 39.0 to 51.0, 100-120 lb 42.0 to 49.0, 120-160 lb 40.2 to 47.6.

MEAT COMMISSION — Average Fatstock prices at representative markets on September 3. GB—Cattle 89.88p per kg lw (+1.32); UK—Sheep 125.79p per kg est dcw (+2.85); GB—Pigs 67.78p per kg lw (—0.93).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.30, 56 6.20, 72 6.25, 88 5.95, 112 5.00, 138 4.95, 150 4.60; Argentine: 64/88 6.50-7.00; Brazilian: 113/64 4.70-5.50. Lemons—Spania: boxes 6.00-9.00, trays 25/50 2.60-3.60; Outspan: 80/195 5.50-10.00. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Argentines: all sizes 3.60-4.00. Apples—U.S.: Red Delicious 10.00-[illegible]. Pears—French: Per pound Williams' 0.13-0.15; Italian: Per pound 0.14-0.20; Spanish: Per pound 0.14-0.18. Nectarines—Italian: Large trays A/C 3.50-4.50. Plums—Italian: 20-lb Stanley 3.20-3.50, President 3.80-4.00; Hungary: Switzens 1.80-1.90. Greengages—French: 9-kilos 2.50-2.60; Spanish: 11-lb 2.00-2.50. Strawberries—U.S.: 12-oz punnets 1.10. Grapes—Cyprus: 11-lb Alphonse Lavallee 3.00, Sultana 11-lb 2.80-3.00; Spanish: Alphonse Lavallee 11-lb 2.00-2.40; French: Alphonse 13-lb 2.60-2.80; Italian: Regina 2.00-2.40, Alphonse Lavallee 4.20, Italia 3.00-4.00. Melons—Spanish: 10-kilos yellow 2.20-3.20. Water-Melons—Hungarian: 13-kilos 3.00-3.50; Italian: 17-kilos 5.00-5.50; Greek: 4.00-5.00; Spanish: 3.00-3.50. Peaches—Italian: Large trays A/C 2.40-3.00; French: A/C 1.80-2.60.

English Produce: Potatoes—Per 55-lb white 2.20-2.60, red 2.40-2.70, King Edwards 2.60-3.20, jacket 3.50. Mushrooms—Per pound open 0.30-0.35, closed 0.50-0.60. Apples—Per pound Bramley 0.10-0.15, Grenadier 0.08-0.09, Howgate 0.10-0.12, Discovery 0.14-0.24, Miller's Seedling 0.07-0.10, Worcester Tydeman 0.12-0.24. Cauliflowers—Per 12 Lincoln 2.00-2.40. Cabbages—Per bag Primo 30-lb 1.00-1.50. Lettuce—Per 12 round 1.20-1.40, Cos 10/12 1.60-2.00, Webb's 1.60-1.80. Tomatoes—Per 12-lb D 3.00-3.20, E 2.80-3.00. Radishes—Per pack of 12 x 8oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.50-3.00. Celery—Per 18/28, winter crop 3.20-3.50. Cucumbers—Per 10/20 1.40-1.80. Carrots—Per 28/28 lb 0.80-1.20. Raspberries—Per ½-lb 0.80-1.00. Plums—Per 12-lb Victoria 0.20-0.25, Damson 2.40, Belle 1.80-2.00, Giant 1.80-2.00. Beetroots—Per 28-lb 1.20-1.50. Marrows—Per box 0.80-1.00. Fennel—Per 10-lb 3.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 3 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt	$1200/1250	.....	$1210/240
Copper			
Cash w'bar	£939	+14.5	£1,002.25
3 mths	£968.25	+14.5	£1,033.25
Cash Cathode	£936	+12	£998
3 mths	£960.5	+14	£1,024
Gold troy oz	$436	+5.5	$395.5
Lead Cash	£418.5	+13.5	£502
3 mths	£424.5	+13	£499.5
Nickel	£4106.25	.....	£4,087.5
Free mkt	270/290c	.....	275/295c
Platin'mtr'y oz	£260	.....	£260
Freemkt	£235.75	+2.15	£219.15
Quicksilver	$425/430	.....	$425/435
Silver troy oz	518.90p	+8.5	467.05p
3 mths	534.90p	+8.3	482.90p
Tin Cash	£8094	+34	£7870
3 mths	£8295	+40	£7 882.5
Tungsten22.0lb	$145.43	.....	$144.57
Wolfrm 22.04lbs	$144/148	.....	$148/150
Zinc Cash	£523	+8.5	£548.5
3 mths	£538.5	+8.5	£560.5
Producers	$925/1000	.....	$925
Oils			
Coconut (Phil)	$560w	—10	$582.5
Groundnut	‡	.....	‡
Linseed Crude	£432	.....	£452
Palm Malaysan	$510z	+5	$550
Seeds			
Copra Philip	$355	—5	$370
Soyabean(U.S.)	$283	+1	$301.25
Grains			
Barley Fut.Nov	£102.15	—0.15	£108.50
Maize	£126.50	+0.5	£126
Wheat Fut.Nov	£109.00	—0.75	£110.05
No2 HardWint	£117.50	.....	£120.50
Other commodities			
Cocoa ship't*	£1275	+10	£1,235
Future Dec.	£1281.5	+9	£1,240.5
Coffee Ft' Nov.	£908	—10.5	£993.5
Cotton A.Index	78.75c	+0.05	85.85c
Gas Oil Oct.	$304.0	.....	$298.25
Rubber (kilo)	58.25p	—0.25	64.75p
Sugar (Raw)	£160w	+5	£202
Woolt'ps 64s kl.	392p kilo	.....	394p kilo

‡ Unquoted. z Oct. w Sept-Oct. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Sept. 3.

Precious metals and copper rallied sharply on buying ahead of Russian manoeuvres near Poland and on the strength of currencies. Sugar and cotton continue under pressure on favourable crop prospects. Profit-taking in cocoa put pressure on prices. Coffee rallied to limit up levels on dry weather in Brazil. The livestock markets were mixed with cattle remaining firm on rumours of further problems with Australian beef imports, reported Heinold.

Copper—Sept 76.90 (77.75), Oct 79.75 (78.85), Nov 81.10, Dec 82.30-82.45, Jan 83.65, Mar 85.90-86.15, May 89.40, July 90.50, Sept 93.00, Dec 96.35, Jan 97.45, Mar 99.65, May 101.85, July 104.05. Sales: 6,000.

*Gold—Sept 442.0 (434.0), Oct 448.5-449.5 (439.2), Nov 455.6, Dec 462.0-463.3, Feb 475.0-476.2, April 489.5-490.0, June 502.0-502.5, Aug 514.7, Oct 528.0, Dec 541.5, Feb 555.2, April 569.2, June 582.4.

*Platinum—Sept 443.2 (438.7), Oct 448.0-449.5 (444.7), Nov nil, Jan 463.5-465.0, April 481.0, July 498.6, Oct 515.3. Sales: 2,764.

Potatoes (round whites)—Nov 75.5 (75.1), Feb 84.6-85.6 (84.0), Mar 91.5, April 107.2-107.4. Sales: 1,344.

¶Silver—Sept 1015.0-1019.0 (987.5), Oct 1030.0 (981.0), Nov 1044.0, Dec 1054.0-1059.0, Jan 1073.0, Mar 1101.0, May 1129.0, July 1157.0, Sept 1185.0, Dec 1227.0, Jan 1241.0, Mar 1269.0, May 1297.0, July 1325.0. Handy and Harman bullion spot: 960.00 (936.00).

Sugar—No. 11: Oct 11.45-11.50 (12.08), Jan 11.90 (12.43), Mar 12.40-12.43, May 12.67-12.70, July 13.00-13.08, Sept 13.23-13.25, Oct 13.45. Sales: 12,150.

Tin—889.00-898.00 (882.00-890.00).

CHICAGO, Sept. 3.

Lard—Chicago loose 22.50 (22.25).

Live Cattle—Oct 67.35-67.25 (66.45), Dec 67.65-67.70 (66.67), Feb 66.05-65.80, April 66.10-66.00, June 66.90-66.75, Aug 66.75, Oct 66.00.

Live Hogs—Oct 50.55-50.70 (50.77), Dec 52.95-52.90 (52.82), Feb 53.10-53.30, April 50.55, June 52.60, July 53.00, Aug 51.50, Oct 51.10, Dec 53.40.

‡‡Maize — Sept 297¼-293¾ (293½), Dec 309½-309¾ (306), March 327¼-327, May 338-338¼, July 345½-345¼, Sept 349¾-342½.

Pork Bellies—Feb 67.80-68.00 (67.92), March 67.75-67.85 (67.35), May 69.00, July 69.95, Aug 69.45.

†Soyabeans—Sept 678½-678 (665¾), Nov 684½-686 (674¼), Jan 704-704½, March 725½-726½, May 745, July 761½, Aug 762½.

‖Soyabean Meal—Sept 192.0 (188.7), Oct 191.0-191.5 (189.8), Dec 197.4-197.0, Jan 200.3-200.4, March 206.1-206.5, May 212.5, July 217.0-217.5, Aug 219.0-219.5, Sept 220.0-221.0.

Soyabean Oil — Sept 21.50-21.52 (21.00), Oct 21.83-21.84 (21.34), Dec 22.70-22.72, Jan 23.15-23.10, March 23.50-23.85, May 24.50, July 25.05, Aug 25.05-25.10, Sept 25.05-25.15.

†Wheat—Sept 398½-399 (391½), Dec 427½-428 (421½), March 451½-452, May 457½, July 457, Sept 466½.

WINNIPEG, Sept 3.

§Barley — Oct 131.90 (130.00), Dec 128.90 (127.00), March 129.90, May 133.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 242.55 (241.05).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

Coffee—"C" Contract: Sept 108.00-108.50 (101.00), Dec 101.46 (97.46), March 100.73, May 101.45, July 102.46, Sept 103.37, Dec 103.10. Sales: 2,085.

Cotton—No. 2: Oct 67.25-67.40 (67.53), Dec 68.90-68.98 (69.08), March 71.70-71.75, May 73.50-73.75, July 75.30, Oct 75.90-76.10, Dec 76.80. Sales: 3,200.

Heating oil (dollars per U.S. gallon)—Oct 0.9465 (0.9435), Nov 0.9575 (0.9530), Dec 0.9695, Jan 0.9828, Feb 0.9975, March 1.0070, April 1.0080, May 1.0150, June 1.0225, July 1.0250, Aug 1.0375, Sept 1.0475, Oct 1.0625. Turnover: 5,309.

CHICAGO, Sept 2.

Chicago Imm Gold—Sept 432.6-433.5 (425.5), Dec 452.0-452.5 (444.5), March 471.5-472.5, June 491.5, Sept 509.6, Dec 529.0, March 548.6, June 568.4.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2170 (2161), Nov 2060 (2050), Jan 2090, March 2135, May 2180.

EUROPEAN MARKETS

ROTTERDAM, Sept. 3.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, Sept 194, Oct 199, Nov 204, Dec 212. U.S. No. Two Red Winter Sept 172.50, Oct 183. U.S. No. Three Amber Durum Sept 187, Oct 193, Nov 201. U.S. No. Two Northern Spring 14 per cent, Sept 188.50, Oct 191.60, Nov 195, Dec 203.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow, afloat Aug 142, Sept/Oct 139, Nov 140, Dec 143, Jan/March 150, April/June 155.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Sept 275.50, Oct 267, Nov 267, Dec 272, Jan 278, Feb 283, March 287, April 292, May 294, sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein, U.S. afloat 240.50, Sept 234 traded, afloat 242, Sept/Oct/Nov 234, Dec 238.50, Nov/March 244.50 sellers. Brazil Pellets, afloat Aug 245, Sept 243, Oct 245.50, Nov 252, Dec 254.50, Nov/March 259.

PARIS, Sept 3.

Cocoa—(FFr per 100 kilos): Sept 1300/1315, Dec 1392/1405, March 1425/1435, May 1435/1455, July 1445/1465, Sept 1460/1500, Dec 1480/1520. Sales at call: nil.

Sugar — (FFr per tonne): Oct 1680-1686, Nov 1665-1690, Dec 1675-1677, March 1805-1810, May 1860-1870, July 1870-1920, Aug 1910-1960, Oct 1920-1990. Sales at call: 2.

INDICES

FINANCIAL TIMES

Sept. 3	Sept. 1	Month ago	Year ago
258.45	256.70	375.54	275.84

(Base: July 1, 1952=100).

MOODY'S

Sep. 2	Sept. 1	Month ago	Year ago
1021.6	1022.0	1069.3	1242.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Sep. 2	Sept. 1	Month ago	Year ago
Spot	352.76	350.50	383.33	448.42
Fut'rs	371.86	368.83	388.93	469.52

(Average 1924-25-26=100)

REUTERS

Sep. 3	Sep. 2	M'nth ago	Year ago
1650.8	1644.2	1764.7	1734.4

(Base: September 18, 1931=100)

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.40, codlings £2.40-£3.50; Large haddock £3.60-£4.20, medium £2.60-[illegible] £5.00-£5.40, medium £4.60-£5.60, best small £3.70-£4.30; Skinned dogfish (large) £12.00, medium £11.00; Lemon soles (large) £8.00, medium £7.50; Rockfish £2.50-£3.60; Saithe £2.00-£2.70.

Important trading statements fail to arouse interest and equity leaders unable to consolidate early gains

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21

* "New-time" dealings may take place from 9.30 am two business days *earlier*.

London stock markets had another tedious session yesterday, despite keenly awaited trading announcements from industry leaders such as **British Petroleum, Plessey and Cadbury Schweppes.** Early attention was directed towards these three and to others about to report news items, but leading shares drifted back from a promising opening on continuing lack of investment incentive.

The announcements from Plessey and Cadbury Schweppes more than matched market expectations. Subsequently, however, after-the-event profit-taking caused both to react from higher levels, leaving Plessey lower on balance. British Petroleum's *second-quarter results* disappointed but, following an initial mark-down, bear-covering triggered a rally and the shares ended 6 down at 304p, after 302p.

The negative response of the Gilt-edged market to President Reagan's call for lower U.S. interest rates dampened sentiment in equities. Secondary industrials traded quieter than the leaders but a few situation issues attracted inquiries. Constituents of the FT Industrial Ordinary share index showed contrasting *closing movements* ranging from a fall of 11 to 262p in **Bowater** to a gain of 5 to 241p in **Boots**, the former encountering nervous selling ahead of *Wednesday's interim statement*. The index, after posting a gain of .29 at noon, closed a net 0.3 down at 568.0.

Similarly, the volume of business in Government securities was said to be the smallest for some considerable time. Some switching was effected, and *all* maturities eased a shade before reverting to overnight levels, excepting for a few longer-dated stocks.

Traded options attracted 748 deals, consisting of 515 calls and *233 puts. British Petroleum* recorded 66 calls and 58 puts on the interim statement, while **Shell Transport** were dealt 100 times for the put.

Phoenix easier

Composite Insurances plotted an irregular course in moderate trading. Comment on their disappointing interim statements left **Phoenix** down 6 more at 308p, after 306p, and **GRE** a couple of pence cheaper at 354p. **Eagle Star**, interim results due on September 16, edged forward 2 to 310p and **Royals** put on 5 to 410p, after 415p. Life issues made progress in places on bid hopes. **Britannic** put on 6 to 300p.

The banking sector was notable for weakness in several foreign issues. **Deutsche** shed 1¼ points to £59¼. **Commerzbank** 20 to 580p and **Copenhagen Handelsbanken** 40 to 860p. **Charterhouse** hardened a penny to 86p following the satisfactory *interim results and* **Arbuthnot Latham** rose 4 to 307p on bid hopes.

Tomatin Distillers stood out in the drinks sector, rising 6 to 77p reflecting the recent interim figures from Heineken which holds 20 per cent of the former.

Secondary issues again claimed most of the attention in the Building sector. **Westbrick Products** jumped 6 to 93p on an approach from a third party; **C. H. Beazer**, which increased its bid for Westbrick on Wednesday, added 2 to 131p. Revived speculative interest lifted **Tunnel "B"** to 470p before a close of 465p, up 15 on balance, while former suitor **T. W. Ward** *gained 6 to 154p amid* rumours that Rio Tinto-Zinc might bid for both companies. Further demand ahead of next Wednesday's interim results lifted **Wilson (Connolly)** 10 for a two-day gain of 18 to a 1981 peak of 208p, but **Derek Crouch** *shed* 10 to 183p on the uninspiring half-yearly profits and the Board's none-too-optimistic statement. **Sharpe and Fisher**, however, shed a penny to 38p following lower half-year profits. A late speculative flurry lifted **MDW** 6 to 90p.

The firmer tone among leading Stores late on Wednesday was maintained and most ended with small rises. **British Home** were particularly good at 145p, up 5, while gains of 2 were seen in **Burton**, 140p, and **House of Fraser**, 180p; the last-mentioned announces first-half results next Wednesday. **Grant Brothers** continued to attract speculative interest and rose 6 for a two-day gain of 13 at 123p. **Currys** *revived with a rise of 6 to 200p.* In contrast, **Sumrie Clothes** were marked 5 lower at 50p, while **Foster Bros. Clothing** were again on offer and fell 4 to 70p.

Plessey lower

Good first-quarter profits from recent buoyant **Plessey** had already been well discounted and, after touching a 1981 peak of 401p, the price reacted on profit-taking to close a net 6 down at 392p. **Thorn EMI** gave up 5 to 475p but **GEC** held the overnight level of 810p. **BICC** met renewed support ahead of Wednesday's interim results and finished 6 dearer at 295p. Elsewhere, **Whitworth** rose 7 making a two-day jump of 27 to 105p on the better-than-expected results. Improvements of 15 and 20 respectively were seen in **Ferranti**, 625p, and **Electrocomponents**, 770p, while **United Scientific** regained 6 to 523p and **Memec** added 7 to 232p. **Kode International** hardened 2 to 290p following the interim statement.

Sporadic demand ahead of today's AGM helped **John Brown** to improve 2½ to 92p. With interim results due later this month, **GKN** saw buyers and touched 174p before closing only the turn harder at 172p, while **Vickers** hardened 2 to 182p. Elsewhere in Engineerings, **Babcock International** fell 4 for a two-day fall of 9 to 109p following comment on the poor first-half results. Profit-taking in the wake of the AGM saw **Braham Millar**, at 21p, lose 4 of the previous day's rise of 5, while **F. Pratt** receded 3 to 90p and **Yarrow** cheapened 5 to 275p. **Stone-Platt** softened a fraction to 17p on news of the interim dividend omission and £3½m half-year deficit. **Hall Engineering** *put on 5 to 182p and* **Green's Economiser** appreciated 3 more to 146p.

Cadbury Schweppes' interim profits matched market estimates but after the recent good rise, the shares, a couple of pence firmer *ahead of the figures*, reverted to the overnight level of 98p. **Somportex**, a dull market since the annual results, came under fresh pressure and, in a thin market, lost 70 more to 750p.

Trusthouse Forte, dull on *Tuesday on the surprise £87m* rights issue, continued to rally and closed 4 up at 130p; prior to the announcement, the shares stood at 136p.

Bowater weaken late

A bout of *nervous selling* ahead of Wednesday's interim results prompted a late reaction in **Bowater** which closed 11 down at 262p. Other miscellaneous industrial leaders tended to harden although the volume of business remained small. **Boots** put on 5 to 241p and **Glaxo** improved 4 to 408p as did **Unilever**, to 637p. Elsewhere, **Letraset** rose 5 to 147p, after 148p, on suggestions that a third party might enter the bid battle or that original bidders Mills and Allen, may increase their offer. Demand ahead of Wednesday's first-half results helped **Huntleigh** to rise 8 to 145p, while comment on the boardroom moves prompted a rally of 3 to 55p in **Associated Communications**. *Hanson Trust* rose 9 to 300p and **H. Brammer** gained 8 at 142p. **Smiths Industries** rose 7 to 392p. Firmer Far Eastern advices left **Hong Leong** Credit up 50 at 200p and **Hong Leong Industrial** 30 dearer at 220p.

The 20 per cent cut in the Tornada defence programme, first announced a month ago, was highlighted yesterday in a monthly magazine and major equipment suppliers **Dowty**, a firm market of late, dropped 18 to 258p on only light selling. Among Motor Distributors, **H. and J. Quick** added a penny to 43p, the first-half loss being outweighed by the maintained interim dividend and the chairman's remarks.

Leading *Properties were quiet*, but secondary issues attracted selective support.

BP disappoints

Standing a couple of pence firmer awaiting the interim results, **British Petroleum** *reacted* to 302p on the announcement before settling a net 6 down at 304p. Other Oils, also a few pence better at one stage, drifted off as investment enthusiasm waned. **Shell** closed 2 cheaper *on balance at 370p, after 376p.* Elsewhere, **NCC Energy**, briefly suspended at 105p, touched 122p in resumed dealings before the close of 115p, up 11 on balance, following the announcement that the business combination with Simplicity Pattern is to proceed.

Stockjobbers **Smith Brothers** attracted good quality support and advanced 5 to 37p. Other Financial issues trended lower and falls of 5 were common to **Mercantile House**, 475p, **Centreway Trust**, 110p, and **Kakuzi**, 45p.

Shippings were featured by **Milford Docks** which improved 13 to 128p on renewed speculative demand.

Textiles often ended with small gains. **Allied** rose 3 to a 1981 peak of 160p, while **Coats Patons** firmed 1½ to 78p. *David Dixon*, on the other hand, remained dull and shed 6 to 106p for a fall of 18 since the announcement on August 18 of the closure of its woollen cloth subsidiary in Leeds.

South African Golds made good progress for the sixth successive trading day as the bullion price rose afresh to close $6.50 better at $436 an ounce.

Share prices were marked up at the outset and gained ground until the afternoon when *nervousness over the situation* in Angola and fears of increased U.S. interest rates prompted persistent light selling from London operators and took prices well off the day's best. Nevertheless, the Gold Mines index moved up a further 4.0 to 390.1.

South African Financials mirrored the trend in Golds. **Anglo American Corporation** were prominent, advancing 20 to a year's high of 755p while **"Amgold"** added a point to £46, **"Johnnies"** ½ to £39½ and **UC Investments** 15 to 650p.

Gencor hardened ½ to a 1981 high of £11¾ in front of the increased first-half earnings and interim dividend.

Golds brightened otherwise gloomy Australians. **Gold Mines of Kalgoorlie** improved a further 20 to 485p—a three-day gain of 45—while **Poseidon** rose 6 to 260p, **North Kalgurli** a penny to 74p and **Allstate Exploration** 6 to 64p.

A lone feature in the oil and gas issues was **Target Petroleum** which jumped 6½ to 28p following rumours that the Riverslea 1 well—which has already flowed oil at a rate of 300 barrels a day—is continuing to produce oil at lower depths. Target has a 15 per cent interest in Riverslea 1.

In Canadians **Barymin** collapsed from 22p to 12p on rumours that a bank has called in a Barymin-guaranteed loan to one of the company's subsidiaries.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (68)

INT. BANK (1)
Int. Bank 5% '77-82

BEERS (6)
Buckley's Brewery; Morland; Burtonwood; Young & Co.'s A; Greene King; Co. N/V

BUILDINGS (8)
Lafarge-Coppee; Travis & Arnold; Monk (A.); Tunnel B; Mowlem (J.); Westbrick Products; Tilbury Contracting; Wilson (Connolly)

CHEMICALS (1)
Halstead (J.)

STORES (1)
Baker's Stores

ELECTRICALS (5)
BICC; Plessey; BSR; Whitworth Elec.; Ferranti

ENGINEERING (4)
Green's Economiser; Lang (Percy); Howden Group; Weir Group

FOODS (4)
Belam; Kwik Save; Cadbury Schweppes; Morrison (W.)

HOTELS (1)
Queen's Moat Houses

INDUSTRIALS (20)
Advance Services; Petrocon; Black (P.); Pritchard Services; Blundell-Permoglaze; R.F.D. Group; Dalgety; Siebe Gorman; Fogarty (E.); Solicitors' Law; Do. Defd.; Star Computer; Hanson Trust; Sutcliffe Speakman; Lead Inds.; Trident Computer; Letraset; Ward (T. W.); Pauls & Whites; W'tman Reeve Angel

INSURANCE (2)
Britannic; Equity & Law

NEWSPAPERS (1)
BPM Holdings A

PAPER (1)
Culter Guard Bridge

SOUTH AFRICANS (2)
Anglo Am. Ind.; S A. Brews.

TEXTILES (4)
Allied Textile; Stoddard A; Coats Patons; Youghal

TRUSTS (3)
Gen. & Commercial; N. Atlantic Secs.; Gen. Funds Conv.

OIL & GAS (1)
Am. Oil Fields

MINES (3)
St. Helena; Gencor; Anglo Amer.

NEW LOWS (22)

BANKS (2)
Cphgn. Handelsbank; Smith St. Aubyn

BUILDINGS (1)
Jones (Edward)

STORES (1)
Foster Brothers

ENGINEERING (1)
Brooke Tool

INDUSTRIALS (1)
Kalamazoo

SHIPPING (1)
Gotaas-Larsen

OIL & GAS (5)
KCA Drilling; Weeks Aust.; Magellan Pet.; Woodside; Moonie Oil

RUBBERS (1)
Castlefield

MINES (9)
Central Pacific; York Resources; Haoma Gold; Ayer Hitam; Orlmin; Tronoh; Southern Pacific; Barymin; Vultan Mins.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	9	80
Corpns. Dom. & Foreign Bonds	8	1	60
Industrials	295	171	905
Financial & Props.	103	58	340
Oils	28	33	41
Plantations	8	3	12
Mines	52	37	79
Others	49	52	93
Totals	546	364	1,610

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barymin	12	−10	Plessey	392	− 6
Bowater	262	−11	Racal Electronics	466	—
BP	304	− 6	RTZ	560	− 5
Cadbury Schweppes	98	—	Target Petroleum	28	+ 6½
Dowty	258	−18	Tunnel "B"	465	+15
Letraset	147	+ 5	Ward (T. W.)	154	+ 6

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Weds. closing price pence	Day's change	Stock	No. of price changes	Weds. closing price pence	Day's change
GRE	21	358	−24	Brit. Aerospace	11	242	− 1
Weir Group	18	43	+ 8	ICI	11	272	+ 2
Whitwth. Elec.	16	98	+20	Racal Elect.	11	466	− 2
RTZ	13	565	−12	BSR	10	63	+ 1
GEC	12	810	+ 3	P & O Deferred	10	118	+ 3
Marchwiel	12	136	−12	Plessey	10	398	+ 7
Babcock Intl.	11	113	− 5	Royal Insce.	10	405	−10

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Money was given for the call in **Hampton Gold, FNFC, Royal Bank of Scotland, BSG, Southern Pacific Petroleum, Thomas Borthwick, Premier Oil, North West Mining, Double Eagle, Lonrho, Moben, BSR, KCA, Sound Diffusion, Associated Communications, Shackleton Petroleum, European Ferries** and **Woodside**. Puts were done in **GKN, ICI** and **Burmah**, while doubles were taken out in **Hawley Leisure, P & O Deferred** and **Royal Bank of Scotland.**

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Sept. 3, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Sept. 2 Index No.	Tues. Sept. 1 Index No.	Fri. Aug. 28 Index No.	Thur. Aug. 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	378.92	+0.1	9.37	4.09	13.33	378.41	378.61	380.30	374.53	284.03
2	Building Materials (25)	333.72	+0.2	11.51	5.13	10.67	333.09	331.43	330.48	328.64	252.31
3	Contracting, Construction (28)	601.91	+0.3	15.83	4.75	7.34	600.22	602.57	599.89	594.49	419.75
4	Electricals (30)	1259.89	+0.2	7.16	2.19	17.41	1257.91	1255.35	1266.15	1243.32	851.53
5	Engineering Contractors (10)	505.60	+0.4	12.69	5.39	9.28	503.80	505.68	505.08	502.21	340.68
6	Mechanical Engineering (69)	215.54	−0.2	11.19	5.30	11.55	215.98	216.98	218.93	215.80	182.64
8	Metals and Metal Forming (13)	174.03	+0.2	9.14	6.83	14.35	173.75	174.19	174.43	170.73	166.40
9	Motors (21)	106.49	−0.1	1.60	6.50	—	106.56	107.25	108.07	106.81	101.27
10	Other Industrial Materials (18)	399.11	+0.4	9.02	5.03	13.30	397.57	399.35	399.22	390.14	0.00
21	CONSUMER GROUP (195)	293.60	+0.4	11.70	5.45	10.57	292.29	292.87	294.09	288.60	244.78
22	Brewers and Distillers (20)	308.77	−0.2	14.47	6.25	8.31	309.28	309.47	311.83	304.54	288.64
25	Food Manufacturing (21)	277.87	+0.5	14.00	6.00	8.61	276.59	277.65	277.46	270.47	223.53
26	Food Retailing (14)	572.90	+0.9	8.59	3.09	13.91	568.06	569.36	568.20	551.94	383.71
27	Health and Household Products (7)	363.73	+0.7	7.62	4.04	15.69	361.20	361.19	363.53	357.69	233.17
29	Leisure (22)	461.82	+0.7	8.93	4.63	13.91	458.44	458.01	466.54	460.46	336.03
32	Newspapers, Publishing (12)	508.89	−0.5	12.15	5.81	11.77	511.37	514.89	514.02	510.16	431.43
33	Packaging and Paper (13)	152.38	−1.2	13.68	6.95	8.70	154.26	156.24	156.95	154.51	128.26
34	Stores (44)	272.34	+0.9	10.60	4.88	12.59	269.83	270.26	270.60	268.39	238.48
35	Textiles (23)	166.35	+0.5	7.01	5.49	20.48	165.57	165.38	165.34	163.26	121.29
36	Tobaccos (3)	268.73	—	18.90	9.29	6.19	268.73	269.73	271.22	260.98	290.71
39	Other Consumer (16)	289.85	−0.5	4.20	5.82	60.85	291.18	290.47	291.61	291.05	0.00
41	OTHER GROUPS (79)	235.55	+0.1	9.79	6.09	13.36	235.24	235.33	236.27	233.43	226.79
42	Chemicals (15)	292.21	−0.3	4.65	6.22	41.38	293.23	291.90	295.92	292.05	314.87
44	Office Equipment (5)	117.98	+2.0	14.50	7.25	8.32	115.69	117.60	118.29	113.43	107.27
45	Shipping and Transport (13)	535.86	−0.4	15.49	7.11	7.66	538.06	536.69	535.95	536.77	605.24
46	Miscellaneous (46)	314.68	+0.4	12.36	5.34	9.95	313.37	314.32	312.68	310.00	282.13
49	INDUSTRIAL GROUP (488)	314.30	+0.3	10.56	5.00	11.81	313.40	313.78	315.12	309.92	256.79
51	Oils (12)	711.12	−1.1	23.70	8.09	4.69	719.06	705.78	724.79	721.01	783.40
59	500 SHARE INDEX	346.55	+0.1	12.69	5.50	9.48	346.34	345.65	348.38	343.28	298.59
61	FINANCIAL GROUP (119)	277.99	+0.1	—	5.39	—	277.84	279.45	279.45	276.51	239.69
62	Banks (6)	284.17	−0.1	31.35	6.60	3.76	284.48	283.76	285.27	282.75	240.97
63	Discount Houses (10)	267.38	−0.4	—	8.43	—	268.51	268.83	268.83	268.94	287.89
64	Hire Purchase (3)	255.27	—	11.99	7.12	11.54	255.27	255.27	258.82	254.89	219.98
65	Insurance (Life) (10)	295.78	—	—	5.16	—	295.92	298.44	297.31	290.21	241.84
66	Insurance (Composite) (9)	184.92	+0.3	—	7.14	—	184.38	188.09	187.64	184.85	168.29
67	Insurance Brokers (8)	441.14	—	10.09	5.26	13.45	440.92	439.21	435.44	431.26	320.40
68	Merchant Banks (13)	172.68	—	—	4.93	—	172.61	172.72	172.49	172.93	141.54
69	Property (50)	493.74	+0.2	3.90	2.84	34.69	492.96	494.85	495.32	492.36	449.08
70	Miscellaneous (10)	183.90	−0.3	17.42	5.84	6.99	184.51	185.17	185.73	183.89	147.44
71	Investment Trusts (109)	325.05	+0.3	—	4.91	—	324.09	325.25	325.37	325.78	269.32
81	Mining Finance (3)	272.65	+0.1	12.91	5.01	9.12	272.33	275.71	281.73	280.97	247.99
91	Overseas Traders (19)	417.35	−1.3	11.17	7.13	11.42	422.69	429.29	431.44	427.40	431.68
99	ALL-SHARE INDEX (750)	332.53	—	—	5.46	—	332.37	332.54	334.63	330.46	287.48

FIXED INTEREST

	PRICE INDICES	Thurs. Sept. 3	Day's change %	Wed. Sept. 2	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.86	+0.03	106.83	—	7.82
2	5-15 years	103.66	−0.02	103.68	—	8.65
3	Over 15 years	104.24	−0.03	104.27	—	10.34
4	Irredeemables	113.64	+0.23	113.38	—	9.05
5	All Stocks	104.60	−0.00	104.60	—	8.86
6	Debentures & Loans	81.06	−0.01	81.07	—	7.67
7	Preference	62.15	+0.06	62.11	—	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. Sept. 3	Wed. Sept. 2	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.50	12.50	11.99
2		15 years	13.25	13.24	11.99
3		25 years	13.49	13.48	11.99
4	Medium Coupons	5 years	14.69	14.68	13.41
5		15 years	15.23	15.22	13.41
6		25 years	14.78	14.77	13.41
7	High Coupons	5 years	14.65	14.64	13.50
8		15 years	15.40	15.39	13.83
9		25 years	15.01	15.00	13.61
10	Irredeemables†		13.06	13.09	11.58
11	Debs & Loans	5 years	15.87	15.95	14.42
12		15 years	15.98	15.99	14.22
13		25 years	16.03	16.02	14.09
14	Preference†		15.84	15.85	14.71

* Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	21/8	172	152	✣Aerospace Eng.	158	......	bd7.5	1.4	6.8	14.6
—	F.P.	—	£17¼	£14¼	Alcoa $1	£14⅝	......	QS1.80	—	6.8	—
64	F.P.	3/9	63	60½	East of Scot. Onshore	62	......	g0.83	—	1.9	—
§52	F.P.	24/9	95	75	✣Fleet St. Letter. 5p	95	......	u2.5	1.9	3.8	20.0
—	F.P.	14/8	7	6	✣Hartons 5p	7	......	—	—	—	—
25	F.P.	18/9	28	27	JapanAssetsTrust 10p	27	......	—	—	—	—
§150	F.P.	1/10	136	132	✣Markheath 54.6%Pfd	136	......	13.65	1.6	14.3	—
[illegible]	F.P.	20/8	125	115	✣Newcourt Oil	115	......	—	—	—	—
100	F.P.	—	103	98	✣Ramus	98	......	gd5.0	2.1	7.3	7.5
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	12	......	—	—	—	—
52	F.P.	28/8	120	114	St'ckhold'rsF.E.Inv $1	114	−1	—	—	—	—
66	F.P.	7/9	86	76	✣Thorpac	92	......	b1.82	3.7	2.8	12.0
100	F.P.	15/7	104	95	Utd.Comp.&Tech. 50p	99	......	—	—	—	—
§15	F.P.	25/9	17½	16	✣WillaireSystems 10p	16	......	—	—	—	—
**	F.P.	11/9	15	14	Do. Rest. Div. 10p	14xr.	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
100	£40	20/10	38¼	38¼	Birmingham Drop-Lock '86/93	38¼	......
100‖	F.P.	7/8	112½	97½	Chloride 7½% Conv. Prf.	99	......
¶	F.P.	24/9	100½	99⅞	East Surrey Water 10% Prf. 1986	100½	......
100	F.P.	28/8	113	104	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	115	+2
98½	£25	12/11	25¾	24½	Inco 15¾% Uns Ln. 2006	25¼	+¼
100‖	F.P.	12/8	124⅛	110½	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	116	......
¶97	£10	3/9	110	94½	Mid-Kent Water 9% Red. Prf. 1987	94½	......
‖	F.P.	17/7	104¼	95	Mount Charlotte 9½% Cnv. Ln. 1995-2000	97	......
100	F.P.	—	100⅛	99¾	Nat'wide Bdg Society 14½% Bds. 1/8/82	100⅛	+⅛
§100	F.P.	—	100⅛	100	Do. 14½% Bds (26/8/82)	100⅛	+⅛
100‖	F.P.	23/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	104	......
**	F.P.	21/9	93p	82½p	Sterling Credit 3.5% Cnv. Red. Pref.	84p	+1
100p‖	F.P.	11/8	100½p	77½p	'W' Ribbons 10% Cum. Red. Prf. '95-96	77½p	......
¶100	F.P.	24/9	101	100½	York Waterworks 10% Red. Pref. '85	101	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
28	F.P.	31/7	11/9	24	32½	A.I.D.	25½	......
275	125p	13/7	2/12	182	130	BP	146	−2
42	F.P.	20/8	17/9	53	50	Buckley's Brewery	53	......
808	Nil	16/9	14/10	3pm	1pm	Drayton Far East'n (Units)†	2½pm	−½
176	F.P.	7/8	11/9	256	200½	Extel	256	......
11	F.P.	28/8	30/9	13	10¾	Gartons	11	......
62	Nil	11/9	7/10	12½pm	7pm	H.A.T. Group	12pm	−½
HK$12	HK$8	28/8	9/10	109	66	Hong Kong & Shanghai Bk.	91	......
12½p	Nil	8/10	18/9	18pm	11pm	Jantar	18pm	+1
131	F.P.	28/8	25/9	178	156	Ladbroke	172	......
110	Nil	7/9	19/10	23½pm	16pm	Laird Grp.	23pm	+1
35	F.P.	21/8	2/10	48	41	Lane (Percy)	48	+2
77	F.P.	30/8	25/9	92	81	Moss Engineering	90	......
160	F.P.	9/7	12/8	202	185	New Court Nat. Res. Units	202	......
A 51	Nil	—	—	148pm	88pm	Pancontinental	88pm	......
35	Nil	—	—	74pm	70pm	Property Sec. Inv. rt.	74pm	+1
360p	Nil	9/9	9/10	190pm	137pm	Utd. Scientific	148pm	+8
15	Nil	11/9	25/9	2½pm	1pm	✣Willaire Systems	1½pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ★ Effective issue price after scrip. † Comprising 8 Ordinary and 3 Warrants.

FINANCIAL TIMES STOCK INDICES

	Sept. 3	Sept. 2	Sept. 1	Aug. 28	Aug. 27	Aug. 26	A year ago
Government Secs.	64.49	64.48	64.12	64.09	63.89	64.30	68.93
Fixed Interest	65.90	65.76	65.69	65.81	65.92	66.16	70.16
Industrial Ord.	568.0	568.3	568.0	573.8	562.3	556.5	490.8
Gold Mines	390.1	†386.1	383.5	376.7	363.3	357.3	410.5
Ord. Div. Yield	5.29	5.28	5.29	5.23	5.32	5.36	7.47
Earnings. Yld. % (full)	9.22	9.20	9.21	9.11	9.26	9.35	17.37
P/E Ratio (net) (*)	14.27	14.29	14.28	14.44	14.20	14.10	7.02
Total bargains	15,036	16,288	16,270	15,980	17,248	16,180	18,787
Equity turnover £m.	—	111.40	91.52	113.47	136.65	115.82	118.00
Equity bargains	—	12,236	11,734	12,057	14,628	12,225	13,602

10 am 571.0. 11 am 571.1. Noon 571.2. 1 pm 569.9. 2 pm 569.2. 3 pm 568.5.

Latest Index 01-246 8026.

Nil=12.81.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

†Correction

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/5)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (8/1)	262.6 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 2	Sept. 1
—Daily		
Gilt Edged Bargains	144.4	148.4
Equities Bargains	79.3	76.0
Value	225.2	185.0
5-day Avrge.		
Gilt-Edged Bargains	146.0	150.0
Equities Bargains	81.5	82.[illegible]
Value	229.1	232.[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey

Cortexa International
10a, Boulevard Royal, Luxembourg

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgrs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Cannon (James) Mngt. Ltd.

Clar. Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a)(g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgrs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (c) (g)

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.

Intel.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd

Legal & General (Unit Tst.) Mngrs. Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Norcross Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (c)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Scottish Securities Ltd.

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mangt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Trident Funds Managers Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd.(a)(b)(c)

Tyndall & Co.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Fidelity Life Assurance Ltd.

Framlington Life Assurance

Friends' Provident

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Hodge Life Assurance Co. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions (a)(b)(c)

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International (Ch. Is.) Ltd.

Barclays Unicorn Int. (I.O. Man) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital International Fund S.A.

Capital Asset Mngt. Ltd.

Central Assets Management Ltd.

Charterhouse Japhet

Charles Commodities

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
105	39	Hoskins & H.20p	98		2.0	—	2.9	—
76	48	Howard Tenens	67		1.55	0.6	3.3	74.4
420	251	Hunting Assoc.	320		5.0	5.8	2.2	8.1
180	112	Huntleigh 10p	145	+8	1.5	4.2	5.7	17.6
226	120	[illegible]	184	−1	[illegible]	♦	1.7	♦
15	11½	Hyman (I. & J.) 5p	13		0.83	3.9	9.1	3.2
[illegible]	[illegible]	I.C. Industries	£18		Q$2.20	—	6.8	—
70	26	[illegible]	32		‡2.97	—	‡	—
44	35	Ingall Inds. 10p	42		t2.5	1.6	8.7	11.3
251	188	Initial Services	251	+1	9.0	2.3	5.1	11.6
23	9	Inter-City 20p	17½		—	—	—	—
82	39	J.B. Holdings 10p	82		3.0	4.9	5.2	5.5
192	118	Jackson Bourne	183		5.0	♦	3.9	♦
26½	12	[illegible]	19½		1.0	3.3	7.3	4.6
248	147	Jardine M. SHK5	181	+3	Q88c	2.0	4.5	11.2
25½	16½	Jentique	18		‡1.03	—	‡	—
10	6½	Johnson & Barnes	[illegible]		—	—	—	—
257	152	Johnson Clrs.	245xd	+1	†7.0	3.4	4.1	8.0
*300	186	Johnson Mthy. £1	300		9.5	2.3	4.5	11.1
92	75	Jourdan (T.) 10p	86xd		5.25	1.8	8.7	8.9
81	54	Kalamazoo 10p	54	−2	‡3.75	1.9	‡	8.8
170	136	Kelsey Inds.	142		6.0	4.7	8.0	3.8
148	112	Kennedy Sm. 10p	143xd	−1	4.38	♦	4.4	♦
330	250	Kershaw (A.) 5p	270	−5	21.75	0.6	11.8	[illegible]
75	54	Kleen-E-Ze Hldgs.	60	−2	5.5	0.7	13.1	[illegible]
75	59	L.C.P. Hlds	68		4.3	1.8	9.0	[illegible]
48½	37	L.R.C. Int. 10p	46		2.5	1.8	7.8	10.4
56	42	Lawtex	45		‡4.0	1.8	‡	[illegible]
178	116	Lead Inds. 50p	178	+5	9.66	1.2	7.8	14.9
80	55	Leadenhall Sterling	75		3.5	2.8	6.7	6.9
330	310	Lep Group 10p	325xd		16.5	♦	6.1	♦
28	13	Lesney Prods. 5p	22	−1	—	—	—	—
148	73	Letraset 10p	147	+5	‡7.14	♦	7.2	♦
45	30	Lilleshall 10p	41		3.5	2.7	12.2	(3.4)
36	25	Lon & Liv. 10p	35xd		1.7	3.3	6.9	5.2

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
241	180	Stewart Wr 20p	235	−2	12.0	1.3	7.3	13.6
£10½	488	Sun Alliance £1	£10¾	−⅛	†33.0	—	4.7	—
344	233	Sun Life 5p	343		g9.0	—	3.8	—
758	543	Taisho Mar. EDR	660	+10	q010%	—	0.2	—
208	185	Trade Indemnity	205		†6.34	—	4.5	—
£27½	£15⅞	Travelers $2.50	£23	+¼	Q$2.88	—	7.0	—
392	257	Willis Faber	392	+2	12.0	2.0	4.4	16.4

LEISURE

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
63½	56½	A.R TV Pref. £1	56½		5.95	♦	15.0	—
93	72	Anglia TV 'A'	92		†5.0	4.6	7.8	3.2
148	100	Assoc. Leisure 5p	106	+1	5.25	2.2	7.5	7.2
84½	61	Barr & W.A.T. 'A'	67	−2	3.0	—	6.4	—
65	30	Black Edgtn. 50p	61		1.0	—	2.3	—
192	121	Boosey & Hawkes	159		5.67	—	5.1	—
56	34	Campari Int. 20p	45		‡4.0	1.7	‡	(5.8)
60	38	Fairline Boats 10p	40		‡d3.5	1.2	‡	9.9
58	29	[illegible] 10p	33		—	—	—	—
46	38	Grampian TV A 10p	39		2.75	2.4	10.1	5.8
103	74	HTV Non/Vtg.	95		10.0	2.2	15.0	4.6
104	64	Hawley Leisure	80	+4	†h2.67	2.9	4.8	(8.2)
*294	117	Horizon	268xd		‡5.0	9.1	2.7	14.8
96	69	♦Intasun 10p	88	+1	g2.8	4.5	4.5	5.9
64	29	††Intervision 10p	46	+1	—	—	—	—
27	15	[illegible] 5p	21		0.41	2.2	2.8	15.4
110	85	LWT "A"	110	+2	10.07	1.8	13.1	(5.2)
216	146	[illegible] 20p	150		8.75	2.8	8.3	4.9
69	47	Medminster 10p	65		†2.7	3.9	5.9	5.9
12	8	††Nationwide 5p	9		—	—	—	67.6
50	33	Norton & Wrt. 10p	38		d1.0	—	3.8	—
*77	60	[illegible] 10p	70		g0.8	3.6	1.6	62.7
13	9	††Pan Atlas 20p	9		—	—	—	15.3
62	38	Photax (Lon.)	59		3.5	4.8	8.5	3.4
335	182	Pleasurama 5p	320		†6.5	5.2	2.9	9.5

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42		Q2.5c	—	3.7
41	14	ACM 20c	31		—	—	—
21	11½	Argosy Gold NL 25c	12		—	—	—
229	137	Bond Corp.	188	−12	Q10c	♦	3.3
112	76	Bougainville I Kina	102	+2	‡Q25.4c	1.0	‡
302	214	CRA 50c	226	−4	Q19c	1.7	5.1
25	15	Canada Northwest	15½		—	—	—
35	15	Carr Boyd 20c	16		—	—	—
415	54	Central Pacific	54	−4	—	—	—
35	12	Cons. Gold Min. N.L. 50c	12		—	—	—
47	20	Cultus Pacific N.L.	20		—	—	—
68	22	Eagle Corp. 10c	35		—	—	—
40	26	Endeavour 20c	26		—	—	—
500	310	G. M. Kalgoorlie 25c	405	+20	†Q13c	♦	1.6
25	8	Great Eastern	10		—	—	—
185	130	Greenbushes Tin 50c	130		Q6c	1.9	2.8
275	180	Hampton Areas 10p	180		2.5	3.1	2.0
168	42	Haoma Gold N.L.	42	−4	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]				
55	12	Barymin	12	[illegible]	[illegible]	[illegible]	[illegible]
25½	14	Burma Mines 10p	18	−½	0.75	8.9	6.0
530	180	Colby Res. Corp.	210	+15	—	—	—
310	200	Cons. Murch. 10c.	280		Q30c	1.8	6.1
9½	6	††Explaura Gold	9½		—	—	—
98	55	††Hemerdon 10c.	62		—	—	—
180	100	Highwood Res.	105	+5	—	—	—
905	300	Northgate C$1	380	+10	—	—	—
633	372	R.T.Z.	560	−5	16.0	3.2	4.1
£130½	£93½	[illegible]	£122½	+1	Q9½%	—	(7.9
103	25	††SPO Minerals 10p	25		—	—	—
47	22	Sabina Inds. C$1	27	+1	—	—	—
44	28	††SWCM 10p	33		—	—	—
585	465	Tara Exptn. $1	560		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	46	......	Conv. 9% '80/82	£92⅝	......
Bertrams	10	......	Nat. 9¾% 84/89	£69¼	......
Bdg'wtr. Est. 50p	465	......	Fin. 13% 97/02	[illegible]	......
Craig & Rose £1	£13	......	Alliance Gas	63	−4
Finlay Pkg. 5p	22	......	Arnott	225	......
Graig Ship. £1	£23	......	Carroll (P.J.)	78½	......
Higsons Brew.	70	......	Concrete Prods.	90	......
Holt (Jos) 25p	515	......	Helton (Hldgs.)	29	......
I.O.M. Stm. £1	170	......	Irish Ropes	44	......
Pearce (C. H.)	860	......	Jacob	64	......
Peel Hldgs.	100	......	T.M.G.	17	......
Sheff. Refrshmt	93	......	Unidare	75	......
Sindall (Wm.)	194	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	28	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6		
Barclays Bank	36	Ladbroke	30	**Property**	
Beecham	18	Legal & Gen.	20	Brit. Land	8
Blue Circle	35	Lex Service	10	Cap. Counties	11
Boots	20	Lloyds Bank	28	Land Secs.	37
Bowaters	24	"Lofs"	4½	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	15
B.A.T.	25	Lucas Inds.	18	Samuel Props.	13
Brown (J.)	9	"Mams"	20	Town & City	2¼
Burton Ord.	14	Mrks. & Spncr	11		
Cadburys	7½	Midland Bank	26	**Oils**	
Courtaulds	7	N.E.I.	8	Brit. Petroleum	33
Debenhams	10	Nat. West. Bank	32	Burmah Oil	16
Distillers	17	P & O Dfd.	12	Charterhall	8
Dunlop	8½	Plessey	28	KCA	22
Eagle Star	25	Racal Elect.	34	Premier	7½
F.N.F.C.	3	R.H.M.	5	Shell	32
Gen. Accident	30	Rank Org. Ord.	18	Tricentrol	30
Gen. Electric	60	Reed Intnl.	25	Ultramar	44
Glaxo	28	Sears	5		
Grand Met.	18	Tesco	5½	**Mines**	
G.U.S. 'A'	44	Thorn EMI	30	Charter Cons.	21
Guardian	30	Trust Houses	15	Cons. Gold	45
G.K.N.	15	Tube Invest.	18	Lonrho	9
Hawker Sidd	25	Turner & Newall	10	Rio T. Zinc	45
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday September 4 1981

Late night attempt to avoid FT strike

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE FINANCIAL TIMES management and officials of the print union the National Graphical Association were meeting at the Advisory Conciliation and Arbitration Service in London late last night in a last-minute attempt to avert a strike and lock-out at the paper from midnight tonight.

Mr Alan Hare, FT chairman, warned at a press conference earlier that he would not "bow to the bullying of the NGA," and said that a strike looked more probable than improbable."

The Acas talks are aimed at finding a solution to an 18-month dispute over differentials between the 15-strong NGA machine managers' chapel (office branch) and other print workers.

Talks between the NGA and the management broke down on Wednesday. The union is claiming a rise which the management says would put 23 per cent on the wages bill, while giving the machine managers a 10 per cent pay rise on top of a nationally agreed increase of the same amount.

Mr Hare said he would "protect the sanctity" of the agreement signed between the print unions and the Newspaper Publishers Association, on behalf of Fleet Street newspapers, earlier this year.

The NPA council, which met yesterday, said the NGA claim "in no way" met the terms of the national agreement. "The seeming lack of determination shown by the NGA to maintain on their part the terms of a national agreement is a matter of extreme concern," the NPA said.

The agreement rules out any increases above the agreed 10 per cent rise unless they are paid for by productivity gains. The FT says the managers' claim is for "new money," with no producivity element.

"It is incomprehensible that a trade union should abnegate this responsibility (for providing labour) for the sake of a claim which is in clear breach of a national agreement, particularly at a time when we have made a convincing case to all the unions concerned for an overall cut in wage costs necessitated by our economic situation," Mr Hare said.

Mr Hare said the paper was likely to show roughly the same level of loss this year as last, when it lost around £150,000.

He said no arrangements had yet been made to print the newspaper by "other means."

It is understood that any prospect of printing in Frankfurt, where the paper's international edition is printed, has been ruled out—though Mr Hare said investigations about possible printing centres were still being made.

If talks at Acas break down and the NGA strike goes ahead, all 580 employees of St Clement's Press, the FT's printing subsidiary, will be locked out from midnight. Other FT staff—including some 700 advertisement, editorial and clerical staff—will continue to be paid.

Why the FT presses may not run tonight, Page 8

Solidarity heads for new clash

BY ANTHONY ROBINSON

POLAND appeared to be heading for a new and acute confrontation between the Communist Party and the independent trade union Solidarity last night as the party central committee rejected union demands for the right to appoint factory managers.

The committee decided that that would be an unacceptable surrender of political power.

The rejection, which closely follows a partial rejection of Solidarity's demands for greater access to the media, came on the eve of the first Solidarity national congress in Gdansk today.

It was announced shortly after Solidarity officials in Bydgoszcz gave a strike warning following an official statement closing the judicial inquiry into the beating-up of three Solidarity officials in the town last March. None of the culprits had been identified.

The party's unequivocal statement of its intention to govern and keep the reins of industrial power firmly in its hands closely followed a fierce attack on Solidarity by Trud, the Soviet trade union paper and front page coverage in the Soviet press of the start of the biggest Soviet military and naval manoeuvres in the Baltic area since the war.

In the strongest attack on Solidarity yet in the Soviet press, Trud accused it of using strikes and blackmail to bring pressure on the authorities and claimed its ultimate aim was to overthrow communism and restore capitalism to Poland.

The main aim of the extremist wing in the union leadership is to overthrow the existing state system and take power by destroying the economic and social foundations of socialism," it said.

It accused Solidarity extremists of drawing up a charter, to be approved at the congress, which exposed its "counter-revolutionary, anti-socialist character." The paper complained that the charter contained no official acknowledgement of the leading role of the Communist Party in the state and deliberately refused to define the political allegiance or aims of Solidarity itself.

The Soviet Union underlined the importance of the military manouevres by announcing that Marshal Dimitri Ustinov, the Soviet Defence Minister, would take part.

More than 50 Soviet ships and 30 amphibious landing craft are involved, while reservists have been called up for the ground exercises in neighbouring Byelorussia and the Baltic states.

Western military observers believe that more than 25,000 troops will take part but the Government newspaper Izvestia, in an apparent attempt to allay western apprehension, said the nine-day exercise was "extremely limited."

Despite the pressure on Solidarity both Polish and Soviet critics have been careful to single out "extremists" rather than criticise the 10m strong union as such.

The aim appears to be to drive a wedge between moderates and militants within the movement.

Some central committee members also urged the party to take a more liberal line on economic reform. One member, from the Nowotko engineering works in Warsaw, warned that economic management has so far been hardly changed and that the chances of increasing workers' motivation would be minimal unless managers "underwent the test of democracy."

Mr Mieczyslaw Rakowski, Deputy Prime Minister in charge of relations with the unions, said at the end of the central committee meeting that what he called the party's "determined stance" did not mean a retreat "from the policies of social agreement." But he also criticised the union for calling strikes "at the drop of a hat."

Further falls in receipts of building societies

By Michael Cassell

BUILDING society receipts continue to slide and could hit their lowest level for nearly two years this month.

The societies' competitiveness has been declining for much of this year and they are bracing themselves for another shock with the removal next week of the age qualification on index-linked National Savings Certificates.

Net inflows have been falling since May and unofficial estimates suggest that in August—a bad month for savings, because of holidays and new car registrations—they fell to between £200m and £250m against £290m in July.

The extension of the index-linked savings medium to all investors from Monday could help push receipts below £200m for the first time since February last year.

The societies are hoping, however, that as the majority of their investors already qualified for the inflation-proofed bonds, the abandonment of age restrictions will have a minimal and temporary effect.

Net receipts last September and October were running at £457m and £535m respectively. There is no indication that the current poor showing is about to improve significantly.

Immediate action by the societies seems unlikely but funds coming in are well under half the level required to finance current mortgage lending. Liquidity is being steadily run down to make up the gap between receipts and advances.

The societies would be reluctant to contemplate any unilateral increase in interest rates, given the increasing competition for mortgage business and the certainty of a major political row, but they would soon follow any upward move in general interest rates.

Bonn approves measures to cut borrowing

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government yesterday approved wide-ranging budget measures designed to cut its borrowing sharply next year and encourage economic growth.

A two-day Cabinet session ended with agreement on revenue increases and spending cuts in 1982 worth between DM 17bn and DM 18bn (£3.77bn £4bn)—more than 1 per cent of gross national product.

The Cabinet also approved steps aimed at creating better investment—especially in the hard-hit building industry—and at promoting exports.

Herr Hans Matthoefer, the Finance Minister, told a Press conference the 1982 budget of DM 240.8bn was 4.2 per cent higher than this year's with a projected net borrowing need of DM 26.5bn, about DM 9bn less than the expected 1981 requirement.

With its decisions yesterday, the Social Democrat (SDP)-Liberal Free Democrat (FDP) coalition has completed budgetary work begun in July and has come close to meeting the savings target it sought.

However, the climate within the coalition has deteriorated because of the bitter discussions in the intervening month on where the savings axe should fall. There are also major parliamentary hurdles to clear before these budget proposals become law.

The opposition Christian Democrats have already attacked the package. They have a majority in the Bundesrat, the parliamentary upper house whose consent is needed on tax matters. It is also not yet certain that the rank-and-file in the FDP and SPD will support the decision.

In particular, the SPD has had to give some ground in its defence of the social security system, and has been unable to force through its demand for a supplementary tax levy to finance more state investment.

On the savings side the measures include:

- Unchanged unemployment benefits (68 per cent of former net income), but in future they will be paid only to those who have made a minimum of 12 months' contributions to the scheme. Steps are also planned to discourage misuse of the system.
- Family allowances for the second and third child are being reduced.
- Old age and accident insurance subsidies for farmers will be cut.
- Public servants' salaries will be raised later than usual and probably by less than planned.
- State supports for personal savings and job retraining measures will be reduced, and the growth in health service costs will be slowed.

On the revenue side tax on tobacco will be increased (to bring an extra DM 1.4bn next year), on spirits (an extra DM 300m) and champagne (DM 100m).

To boost investment and growth there will be improved tax write-off facilities for industrial machinery (where the allowance is raised from 25 per cent to 30 per cent of the acquisition value) on factories and for people buying homes.

Editorial comment, Page 20

THE LEX COLUMN

Rough running at BP

Index fell 0.3 to 568.0

BP's second quarter probably saw the trough in terms of its underlying trading but recovery is unlikely to be swift and in any case the effect of oil prices and currency swings could well be that the published net income figure will dip lower in the next couple of quarters than the £201m recorded for April-June. This figure is much less swollen by stock appreciation than was the £395m of January-March, coming after the year-end OPEC dollar price rise.

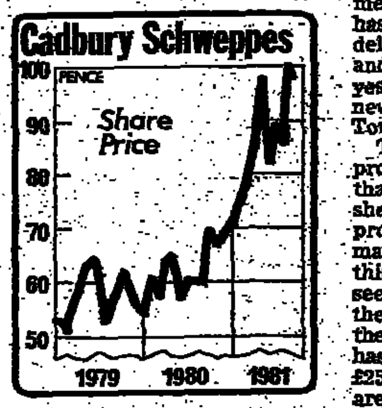
However, the weakness of European currencies will have led to significant further stock appreciation in the second quarter and the strength of the dollar has led directly to a £45m exchange gain in the period. On the other hand, the rising local currency oil price has of course put further pressure on downstream markets, where product volumes are commonly down by a tenth throughout Europe, compared with a year ago and the time lags in price adjustments have led to seriously negative current margins. Even including Sohio, the group recorded a current cost loss of £33m.

Back on the historical cost basis, the scale of the European problems is shown by the fact that Sohio contributed £140m out of the £201m. Oil trading and chemicals are shown to have contributed pre-interest losses of £95m in the second quarter, a figure which is arrived at after crediting profits in the U.S. and some other markets like Australia and Canada.

BP believes, however, that this European downstream haemorrhage is being largely staunched. Prices are being edged ahead, while on the raw material cost side, average crude costs have eased by some $3 a barrel since June. At the same time its competitive disadvantage against the Aramco partners has lessened sharply: its crude once cost $2 a barrel more than the industry average, but now the gap is only around 50 cents.

Still, BP's net income for the year could well fall short of £1bn, against £1.44bn. The share price is likely to continue to rely on the support of a healthy yield—currently of 9.7 per cent at 304p.

Cadbury Schweppes



Cadbury Schweppes' pre-tax profits are up from £21m to £27.5m, much in line with expectations, but the mix is something of a surprise. Good results from Australia and South Africa had already come in, but overall trading profits have risen by less than 8 per cent before exchange gains on translation. Net interest paid, however, has dropped from £10m to £7.7m; Cadbury's working capital has been pulled in a notch or two, helped by a cutback in the number of products.

UK trading profit has risen by £1.5m to £18.7m, which gives an unduly modest picture—the figure is weighed down by higher research and overhead costs (the group is paying for a temporary head office) and a rise in marketing expenditure relative to sales. This has helped the Dairy Milk bar claw back some market share from Yorkie; overall, confectionery volume is up 5 per cent in line with the industry. Rationalisation benefits are coming through in soft drinks, where profits are nearly doubled despite a fall in volume.

Given a reasonable Christmas and helped by interest saving in the second half on its £55m rights issue, Cadbury could raise profits to £75m from £61m for the year. The focus of interest may now shift away from the group's success in tightening up its UK business to the question of expansion—net debt after the rights issue is little more than 10 per cent of shareholders' funds and minorities, so Cadbury has room for something really rather ambitious. Margins in the U.S. on both confectionery and drinks are under intense competitive pressure, but North America is far the most likely place for an acquisition. For the moment the shares yield 6.2 per cent at 98p.

Plessey

The defence contractors were able to congratulate themselves on an easy passage in the June spending review, but their anxiety must be growing as the MoD wriggles to control this year's overspending. Doleful warnings about late payments of bills—this Government has invented a penalty for early delivery—have been reissued, and nerves were not improved yesterday by publication of news of a cutback in the Tornada programme.

The impact on profits will probably come next year rather than this. So at least this factor should not undermine Plessey's prospects for achieving the magic £100m of pre-tax profits this year; and the company seems relatively unscathed by the Post Office spending cuts. In the first quarter, to July, Plessey has been bang on course with £25m, against £18.6m, and most areas have moved ahead. Microelectronics remains difficult, although a £1½m loss in the preceding quarter has been turned into a similar profit; while the office systems division is running below earlier levels, although there are heavy development costs here.

The bulk of the rationalisation has now been completed and after this year profits growth is likely to become rather more pedestrian. The company still depends for more than half its business on the MoD and Post Office and there is little sign of the more commercial approach that would produce faster expansion elsewhere. At 392p, down 6p yesterday, the shares produce a prospective yield of a mere 3 per cent.

Stone-Platt

While Wednesday's figures showed that the Weir Group had moved from the corporate casualty ward into the convalescent wing, Stone-Platt remains in intensive care. Thumping losses in the Lancashire businesses, running at 36 per cent of sales, have outweighed trading profits elsewhere, leaving a half-year loss of £3.5m pre-tax against £2.4m, and the group's drastic surgery will throw up £8m of extraordinary debits. So ordinary shareholders' funds are likely to fall by at least a fifth this year to around £40m, and even after some inflow from property sales, borrowings may be back to where they were before the restructuring at more than £30m net. The state of the textile industry in Europe is still discouraging even for a much-shrunken Stone-Platt business in Lancashire: those manufacturers who want to buy textile machinery can pick it up cheaply at the liquidation sales of their erstwhile competitors.

Weather

UK TODAY

Generally warm with sunshine after early fog clears.

London, S.E. and W. England, Midlands, Wales, Channel Islands
Sunny periods after early fog clears. Max. 23C (73F).

Lake District, Isle of Man, S. Scotland, Aberdeen, Moray Firth
Mostly dry, sunny intervals. Max. 19C (66F).

Highlands, N. Ireland
Mostly cloudy, little rain. Max. 19C (66F).

N.E. Scotland, Orkney, Shetland
Mostly cloudy, little rain. Max. 16C (61F).

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	25	77	L. Ang.†	C	18	64
Algiers	S	27	81	Luxmbg.	S	18	64
Amsdm.	S	19	66	Luxor		—	—
Athens	S	28	82	Madrid	S	28	82
Bahrain		—	—	Majorca	F	26	79
Barcina.	C	22	72	Malaga	S	25	77
Beirut	S	35	95	Malta	C	30	86
Belfast	F	18	64	M'chstr	S	19	66
Belgrd.	F	21	70	Melbne.	C	14	57
Berlin	F	18	64	Mx. C.†		—	—
Biarritz	F	22	72	Miami†	S	26	79
Bmghm.	S	18	64	Milan	R	17	63
Blackpl.	S	21	70	Montrl.†	C	19	66
Bordx.	F	24	75	Moscow	C	14	57
Boulgn.	C	19	66	Munich	F	17	63
Bristol	S	21	70	Nairobi		—	—
Brussels	S	19	66	Naples	S	26	79
Budpst.	F	21	70	Nassau		—	—
Cairo		—	—	Nwcstl.	S	21	70
Cardiff	S	21	70	N. York†		—	—
Cas'b'ca	S	23	73	Nice	T	19	66
Cape T.	S	23	73	Nicosia	S	31	88
Chicg.†	C	17	63	Oporto		—	—
Cologne	F	20	68	Oslo	S	19	66
Cophgn.	S	20	68	Paris	S	21	70
Corfu	S	29	84	Perth	C	23	73
Denver†	C	17	63	Prague	C	18	64
Dublin	C	19	66	Rykjvk.	C	9	48
Dbrvnk.	S	26	79	Rhodes	S	27	81
Edinbgh.	S	22	72	Rio J'o†		—	—
Faro		—	—	Rome	F	26	79
Florence	T	20	68	Salzbrg.	C	19	66
Frankft.	S	20	68	S'cisco†	S	12	54
Funchal	S	23	73	S. Mritz.		—	—
Geneva	C	16	61	Singapr.		—	—
Gibrltr.	F	23	73	S'tiago†		—	—
Glsg'w	S	19	66	Stckhm.	C	16	61
G'nsey	S	19	66	Strasbg.	S	21	70
Helsinki	C	14	57	Sydney	S	16	61
H. Kong	R	26	79	Tangier	S	31	88
Innsbrk.	C	17	63	Tel Aviv	S	30	86
Invrnss.	S	19	66	Tenerife	S	24	75
I. o. Man	C	17	63	Tokyo		—	—
Istanbul	F	27	81	Toronto†	C	19	66
Jersey	S	21	70	Tunis	C	32	90
Jo'burg		—	—	Valencia	F	27	81
L. Plms.	S	24	75	Venice	S	20	68
Lisbon	S	29	84	Vienna	S	20	68
Locarno	R	17	63	Warsaw	C	17	63
London	S	20	68	Zurich	C	18	64

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

Iran pays more for project

BY TERRY POVEY IN TEHRAN

CONDOTTE D'ACQUA, the state-owned Italian engineering group, will receive extra payment of $350m (£190m) from the Iranian Government to complete work on the Gulf port of Bandar Abbas. The total cost of the port development now rises to $1bn.

The agreement is probably the biggest breakthrough so far by a foreign contractor in winning escalation payments for major projects in Iran affected by the revolution and the Iran-Iraq war.

But the special position of the port in the priorities of the Tehran regime means that the agreement is not seen as a precedent for other foreign companies whose projects have been suspended or frozen.

Bandar Abbas is outside the effective range of Iraqi fighters. This has enhanced its importance to Iran. In the first six months of this year, 2.7m tonnes of goods, 40 per cent of Iran's cleared imports, came through the port.

The Gulf war has added urgency to the completion of the port. This is reflected in the terms of the new contract with Condotte, reached after two years of negotiation and just approved by the Iranian Cabinet.

For work already done on the site, Condotte will receive an immediate payment of $150m. A similar amount claimed by Condotte is to be the subject of further discussions.

The size of the project is being reduced by 25 per cent, and completion of the rescaled project is planned in two years instead of the three first envisaged. The Iranian Government is keeping the option of completing the original scheme after that period.

To meet the new schedule, Condotte has agreed to re-open the site in just over a month. About 500 Italians will be brought in to join the 100 Condotte employees already in Iran. This will be one of the largest concentrations of expatriate engineers and skilled workers seen in Iran since the revolution.

Italian officials in Tehran said the new agreement is "satisfactory." The cash payment from Iran should be welcome to Condotte, which for the past two years has made provisions in its end-year figures to cover unpaid claims for work on Bandar Abbas.

Boost for Benn

Continued from Page One

tient, to become party leader in the next five years."

Mr Gormley said he would have preferred Mr Healey to remain as deputy leader. He hoped that the branch vote would back Mr Healey. But if Mr Benn won, it would be the party's duty to support him and concentrate on winning the next election.

Later Mr Benn, in a BBC television interview, resumed his attack on Mr Michael Foot, the party leader. Under the present leadership, he said, party members and voters could not trust a Labour government to implement party policy.

He conceded that Mr Foot was opposed both to membership of the EEC and to nuclear weapons, but suggested that he would not necessarily act on his convictions. Only after the result of the deputy leadership vote would people know whether the combined leadership was really prepared to implement party policy.

Mr Benn obliquely identified Mr Healey with two former deputy leaders—Mr Roy Jenkins and Lord George-Brown—both of whom had subsequently joined the Social Democratic Party. The Labour Party could not be united around an individual, he suggested, because individuals could not be trusted. Party unity had to be based on policies.

Earlier, Mr Callaghan, in a long interview with the Press Association, said the Healey-Foot combination represented the whole party and could command popular support in a way that a Foot-Benn or Foot-Silkin team could not.

"When I hear some of Mr Benn's supporters like Mr Arthur Scargill, the Yorkshire miners' leader, gleefully telling those who do not agree with the present trend that the party will be better off without them, I wonder what kind of party they want and how many of us would qualify," he said.

Mr Callaghan obliquely criticised Mr Foot when he attacked the party for its failure to expel extreme left-wing groups, and for shying away from the need for an incomes policy.

It was up to the TUC to strike a bargain with the Government—wage restraint in exchange for a multi-million pound boost to the economy. "But neither the TUC nor the Labour Party can shy away from the serious risk that a boost to the economy on the scale they propose could have an adverse effect on labour costs, on inflation and therefore on our ability to sell abroad," he said.

- Mr Alan Lee Williams, former Labour MP for Hornchurch (1966-79) and former Parliamentary Private Secretary, to both Mr Roy Mason and Mr Healey, yesterday announced that he had joined the Social Democratic Party.

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Heseltine

caused by the riots, as well as inner city partnership money for the large urban authorities, would not be included in the estimates for penalty payments. He has also excluded the overshoot of local authorities which have met their grant-related spending targets set by the Government but failed to meet the tighter volume expenditure targets that have replaced them, and on which the budget revision is based.

The anomalies caused by the way the Government's block grant system works is reflected in the fact that some authorities that have overshot their volume targets considerably do not suffer any block grant reduction at all.

Local authorities will be placed in different groups or bands according to their financial performance and suffer a hold back of grant on a sliding scale. The West Midlands, for example, will lose £10.461m.

Mr Heseltine would not disclose what provisions his legislation would contain in the autumn, but it is believed to contain some limit on the extent rates can be increased. He said local authorities had no right to obstruct the macro-economic policies of the Government by increasing rates on industry which undid the work of industrial incentives provided by central government.

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BP

resulted in the shedding of some unprofitable trade and the announced closure of the Kent oil refinery. During the first six months of this year the company also reduced its oil stocks by 5m tonnes, an adjustment which released £600m.

The results were generally a little below many City forecasts and, as a result, BP shares fell 6p to 304p.

NEWS REVIEW

BUSINESS

Ferranti computers for RAF Nimrods

Ferranti Computer Systems Ltd. has received an order valued at £¾m from EMI Electronics Limited for 12 airborne computers with spares support. These are being incorporated in the Searchwater radar system for Royal Air Force Nimrod Mk. 2 maritime reconnaissance aircraft.

First water

The Severn-Trent Water Authority will be the first British Water Authority to use the higher capacity 7 GHz microwave radio link, following the recent ordering of a Ferranti Type 14000 system. The equipment is part of a system which will greatly increase communications capacity for Severn-Trent, linking their Birmingham regional headquarters with divisional offices.

Briefly . . .

Fast microprocessor-compatible, monolithic analogue to digital converters offering significant cost and performance advantages are announced by Ferranti Electronics.

Ferranti co-ordinate measuring machine type 750B is proving its worth at Ruston Diesels producing time savings of up to 40 per cent.

TOW-on-Lynx missile guidance system is now in full production in the Aircraft Equipment Dept. of Ferranti Instrumentation, the British Aerospace sub-contractors for this project.

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